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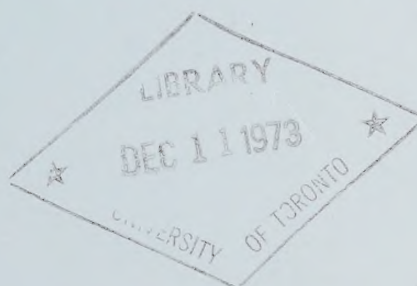
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Government
Publication

1971 ANNUAL REPORT



ontario telephone service commission
ministry of transportation and communications
downsview ontario

ONTARIO TELEPHONE SERVICE COMMISSION

///

1201 Wilson Avenue,

Downsview, Ontario

N O T I C E

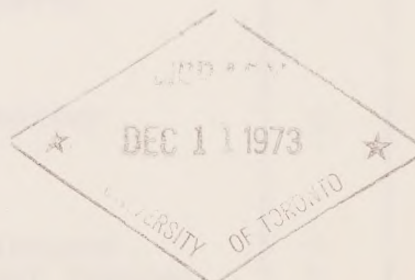
The 1971 Annual Report of the Ontario Telephone Service Commission to the Minister of Transportation and Communications was tabled in the Legislature on April 24th, 1973, and is now available for distribution. Your copy is enclosed herewith.

In order that you may have more up-to-date information on hand with respect to Ontario independent telephone systems under the jurisdiction of the Commission than that contained in the statistics section of the Report, we attach a list of the systems as at January 1, 1973, indicating the exchanges and number of phones operated by each.

Thos. Grindlay
Executive Secretary.

May, 1973

attach.



Continued
Publication

ONTARIO TELEPHONE SERVICE COMMISSION

1501 Wilson Avenue

Scarborough, Ontario

NOTES

The 1977 Report of the Ontario
Telephone Service Commission to the Minister of
Transportation and Communications was
the first of a series of reports, the first
available for distribution, and only
partially.



In order that all who have more
information or need more information on the
Ontario Telephone Service Commission, the first
edition of the Commission's first report, the
first of a series of reports, is being
distributed to all who request it.
Indicated the Commission's first report is being
distributed to each.

John. H. H. H.
Executive Director

Nov. 1977

1977

ONTARIO TELEPHONE SERVICE COMMISSION

LIST

OF

ONTARIO INDEPENDENT TELEPHONE SYSTEMS

As at January 1st, 1973

NAME OF SYSTEM	SECRETARY MANAGER OR OWNER	EXCHANGES	MANUAL OR DIAL	NUMBER OF PHONES AS AT JANUARY 1, 1973	
				EXCHANGE	TOTAL
Aylmer & Malahide Tel. Co. Ltd.	Howard Palmer Managing Director Aylmer	Aylmer Port Burwell Straffordville	D D D	4,880) 681) 1,044)	6,605
Balderson Telephone Company Ltd.	Mrs. G. Dobbie Secretary- Treasurer R.R. #7, Perth	Balderson	M	256	256
Blanshard Municipal Tel. System	Mrs. M. Urquhart Secretary- Treasurer R.R.#1, St. Marys	Granton Kirkton Uniondale Sebringville	D D D D	551) 1,041) 373) 1,105)	3,070
Cooke Municipal Tel. System	Wilfred Chapman Manager Inwood	Alvinston* Inwood Watford*	D D D	278) 544) 506)	1,328
Bruce Municipal Tel. System	Mrs. M. MacLeod Secretary Kincardine	Kincardine Paisley Port Elgin Tiverton	D D D D	2,310) 778) 2,048) 809)	5,945
Cambray Telephone Company Ltd.	Mrs. Beverly Bailey Secretary Cambray	Cambray	M	492	492
Capital Telephone Company Ltd.	H. B. Bruce Manager Carp	Maberley	D	161	161
Radoc-Ekfrid Tel. Co. Ltd.	E.R. Monteith Manager Melbourne	Melbourne Mount Brydges	D D	812) 1,285)	2,097

NAME OF SYSTEM	SECRETARY MANAGER OR OWNER	EXCHANGES	MANUAL OR DIAL	NUMBER OF PHONES AS AT JANUARY 1,1973	
				EXCHANGE	TOTAL
Cochrane Municipal Tel. System	M. Hannan Secretary-Manager Cochrane	Cochrane	D	2,245	2,245
Coldwater Municipal Tel. System	Morley E. Yon Secretary- Treasurer Coldwater	Coldwater	D	654	654
Community Telephone Co. of Ont.Ltd.	R. M. Brown Vice-President 107 Broad St. East Dunnville	Bath	D	811)	22,071
		Caledonia	D	2,744)	
		Dorland	D	366)	
		Drayton	D	1,291)	
		Dunnville	D	5,327)	
		Elgin	D	690)	
		Erin	D	1,269)	
		Hillsburgh	D	795)	
		Inverary	D	1,030)	
		Kerwood	D	497)	
		Nairn	D	410)	
		Newburgh	D	543)	
		Odessa	D	978)	
		Orono	D	1,457)	
		Portland	D	704)	
		Selby	D	429)	
		Seely's Bay	D	641)	
		Strathroy*	D	211)	
		Sunderland	D	1,175)	
		Tamworth	D	441)	
		Yarker	D	262)	
Dryden Municipal Tel. System	W. M. Wake Secretary Dryden	Dryden	D	3,540	3,540
Dunsford Tel. Light & Power Co-op. Assoc. Ltd.	H. Elliott Secretary Dunsford	Dunsford	M	418	418
Durham Telephones Ltd.	E. T. Downs Secretary 63 Brule Gardens Toronto, M65 4J5	Cavan	D	229)	923
		Millbrook	D	694)	
Dunstable North Mun.Tel. Syst.	Garnet Stockwell Secretary Cottam	Cottam	D	1,216	1,216

NAME OF SYSTEM	SECRETARY MANAGER OR OWNER	EXCHANGES	MANUAL OR DIAL	NUMBER OF PHONES AS AT JANUARY 1, 1973	
				EXCHANGE	TOTAL
Hay Municipal Tel. System	W. C. Horner Secretary- Treasurer Zurich	Dashwood Grand Bend Zurich	D D D	462) 1,353) 822)	2,637
Huron & Kinloss Mun. Tel. Syst.	C. Nicholson Secretary Ripley	Dungannon Ripley	D D	632) 1,365)	1,997
Ontario Tele- phones Limited	Dr. J.A. Vance Secretary Box 83, Woodstock	Thedford Port Franks	D D	662) 384)	1,046
Keewatin Municipal Tel. System	E. L. Holmes Secretary Keewatin	Keewatin	D	1,071	1,071
Kenora Mun. Tel. System	D. T. McLeod Secretary Box 110, Kenora	Kenora	D	6,226	6,226
Lansdowne Rural Tel. Co. Ltd.	C. Tedford Manager Lansdowne	Lansdowne	D	1,124	1,124
Midstone Mun. Tel. System	B. Reeb Manager, R.R. #3, Essex	Emeryville Pleasant Park	D D	1,719) 482)	2,201
Midland Teleser- vices Ltd.	E. R. Monteith Manager Brussels	Auburn Blyth Brussels	D D D	228) 870) 1,416)	2,514
Manitoulin Island Tel. Co. Ltd.	Ian Gare Manager Mindemoya	Manitowaning Mindemoya Tehkummah	M D M	344) 609) 161)	1,114
Millington Mun. Tel. System	D.E. Schlotzhauer Secretary Milverton	Milverton	D	1,565	1,565
Parry Sound Telephone Co. Ltd.	H. J. Schmidt Secretary- Treasurer Baden	Parham Sharbot Lake	D D	227) 493)	770

NAME OF SYSTEM	SECRETARY MANAGER OR OWNER	EXCHANGES	MANUAL OR DIAL	NUMBER OF PHONES AS AT JANUARY 1, 1973	
				EXCHANGE	TOTAL
Kootenai & Parry Sound Tel. Co. Ltd.	H. J. Schmidt Secretary-Treasurer Baden	Burks Falls*	D	197)	1,133
		Emsdale	D	478)	
		Magnetewan	D	276)	
		Sprucedale	D	182)	
Northern Telephone Limited	D. H. J. Lamothe Secretary New Liskeard	Abitibi Canyon	D	210)	53,149
		Ansonville	D	1,761)	
		Belle Vallee	D	145)	
		Calstock	D	100)	
		Cobalt	D	1,121)	
		Cochrane*	D	339)	
		Connaught	D	104)	
		Earlton	D	509)	
		Elk Lake	D	182)	
		Englehart	D	1,470)	
		Fauquier	D	230)	
		Gowganda	D	90)	
		Haileybury	D	2,145)	
		Hearst	D	2,628)	
		Kamiskotia	D	30)	
		Kapuskasing	D	6,300)	
		Kirkland Lake	D	6,712)	
		Larder Lake	M	468)	
		Latchford	D	135)	
		Matachewan	D	133)	
		Matheson	D	764)	
		Mattice	D	312)	
		Milberta	D	176)	
		Moonbeam	D	409)	
		New Liskeard	D	4,262)	
		Opasatika	D	148)	
		Opishong	D	4)	
		Ramore-Holtyre	D	509)	
		Smooth Rock Falls	D	976)	
		South Porcupine	D	3,055)	
		Swastika	D	751)	
		Timmins	D	16,144)	
		Val Gagne	D	313)	
		Virginiatown	M	514)	
North Norwich Mun. Tel. System	Mrs. M. Spencer Secretary-Treasurer Burgessville	Burgessville	D	868)	1,325
		Norwich*	D	288)	
		Woodstock*	D	169)	
North Renfrew Tel. Co. Ltd.	Mrs. A. Brown Secretary Beachburg	Beachburg	D	440)	915
		Pembroke*	D	224)	
		Westmeath	D	251)	

NAME OF SYSTEM	SECRETARY MANAGER OR OWNER	EXCHANGES	MANUAL OR DIAL	NUMBER OF PHONES AS AT JANUARY 1, 1973	
				EXCHANGE	TOTAL
Oakwood Telephone Co. Limited	Miss E. Gorrill Secretary-Treasurer R.R. #1, Little Britain	Oakwood	M	325	325
Otonabee Municipal Tel. Syst.	F. Blackburn Secretary-Treasurer Keene	Keene	D	800	800
People's Telephone Co. of Forest Ltd.	R. K. Sutherland Secretary-Treasurer Forest	Aberarder Arkona Forest	D D D	494) 472) 2,015)	2,982
Boxborough Telephone Co. Ltd.	J. W. Beach Manager 1609 Jane Street Cornwall	Moose Creek	D	350	350
South Bruce Rural Tel. Co. Ltd.	A. H. McTavish Secretary-Treasurer Teeswater	Mildmay Teeswater	D D	923) 867)	1,790
Taylor Telephone Co. Limited	R. Taylor Secretary Lion's Head	Dyer's Bay Lion's Head Stoke's Bay Tobermory	D M D D	87) 620) 72) 297)	1,076
Thunder Bay Tel. Department	H. W. McKinnon Manager 241 Vickers St. Thunder Bay	Court Street Current River Murillo Riverview Shuniah Vickers	D D D D D D	22,319) 3,076) 472) 9,946) 3,531) 23,929)	66,273
Wickersmith Mun. Tel. System	Mel Graham Secretary-Treasurer Brucefield	Bayfield Clinton* Hensall* Seaforth*	D D D D	534) 420) 461) 433)	1,848
Westport Telephone Co. Ltd.	O. S. McNally Secretary-Treasurer R.R. #2, Westport	Westport	D	774	
Wightman Telephone Limited	Mrs. L. Wightman Secretary Clifford	Ayton Clifford Gorrie Neustadt	D D D D	416) 572) 1,148) 310)	2,446

Indicates exchange to which
service station lines connect.

Total Systems - 40

NOTE: The Maidstone Municipal Telephone System
was sold, as of February 1st, 1973 to:

Telontario Incorporated,
B. Reeb, Manager
R. R. 3,
Essex, Ontario

Dunsford Telephone Light & Power
Co-operative Association Limited has
been sold to Bell Canada with takeover
scheduled for November 18th, 1973.

ANNUAL REPORT
TO THE
MINISTER OF TRANSPORTATION AND COMMUNICATIONS
ONTARIO TELEPHONE SERVICE COMMISSION
1971
INCLUDING
SUMMARY OF STATISTICAL RETURNS
FROM TELEPHONE SYSTEMS

MINISTRY OF TRANSPORTATION AND COMMUNICATIONS

DOWNSVIEW, ONTARIO

Letter of Transmittal

TO THE HONOURABLE G. R. CARTON, Q.C.

Minister of Transportation and Communications

Sir:

The undersigned have the honour to present the Annual Report of the Ontario Telephone Service Commission for the year ending December 31, 1971.

Respectfully submitted,

R. G. BENNETT, Chairman,

D. M. DUNCAN, Vice-Chairman,

J. B. WEBSTER, Member.

Downsview, Ontario

August 15, 1972

ONTARIO TELEPHONE SERVICE COMMISSION

The Ontario Telephone Service Commission is responsible for:

- . administration of The Telephone Act, (R.S.O. 1970, Chap.457) regulating the operations of Independent Telephone Systems created under the Statutes of Ontario.
- . provision of management, engineering, and technical advice to Independent Telephone Systems.

As of January 1, 1972, there were 42 Independent Telephone Systems operating in Ontario with approximately 195,000 phones and an estimated total capital expenditure, for plant and equipment, of almost \$82,000,000. Telephone service in the Province is provided by these 42 Independents, by Bell Canada with more than 3,800,000 phones, and by the Ontario Northland Communications System which operates long distance lines in Northern Ontario and Quebec and provides local service to a few customers.

Administration

The Commission consists of three members appointed by Order-in-Council and a permanent staff of five, including a professional Communications engineer, two engineering officers, the Executive Secretary and a stenographer. The Commission holds regular meetings in Toronto, once a month or more frequently when required, to hear applications made under the provisions of The Telephone Act. Public hearings are held in other locations in cases where the public can be better served by holding a local hearing.

On June 23, 1971, administration of The Telephone Act was assigned to the Minister of Transportation and Communications and the offices of the Commission were moved

later in the year to a new location in the Ministry of Transportation and Communications building at Downsview, Ontario.

Since telephone systems operate on an exclusive franchise basis, and are not subject to the natural control of competition in their own area, there must be a measure of government control over their operations. To revise rates, borrow or issue capital, sell out or merge with another system, or make agreements for interchange of service, the Independent Telephone Systems in Ontario must obtain approval from the Commission.

ORGANIZATION OF SYSTEMS

The independent telephone systems in Ontario may be divided into three classes according to type of ownership. The 42 systems operating at the beginning of 1972 are organized as follows:

	Systems		Telephones	
	No.	%	No.	%
Systems operated as Public Utilities by Municipal Corporations	5	11.9	71,467	36.5
Municipal Systems	12	28.6	23,186	11.9
Systems owned by Incorporated Telephone Companies or Individuals	25	59.5	100,289	51.6
	42	100.0	194,942	100.0

MODERNIZATION OF SYSTEMS

Lack of revenue during the 1930's depression and the difficulty in obtaining maintenance supplies and new equipment during the war years, resulted in many run down, obsolete Independent Telephone Systems. When the Ontario Telephone Authority (predecessor to the Commission) was established in 1954, there were 465 Independent systems in Ontario operating a total of some 176,000 phones. Most of these were very small organizations with less than 300 phones. The few dial exchanges operated by Independents were mostly in urban areas. The Commission encouraged and assisted those systems wishing to convert to modern dial operation and tried to persuade smaller systems to amalgamate with neighbouring systems in order to form units large enough to make dial conversion economically feasible.

Since 1954, the Commission's engineering staff has provided complete plant design and engineering services for the conversion of 49 telephone exchanges to dial and two more are underway. Substantial engineering assistance has been provided in the dial conversion of an additional 29 exchanges and general advice and technical assistance has been provided to systems conducting their own modernization program.

Many systems decided to sell rather than raise the large amounts of capital necessary to finance a modernization program. Many sold out to Bell Canada and quite a few to larger, neighbouring independents. As a result, the number of independent systems has steadily decreased. However, the systems that modernized have steadily expanded so that the total number of phones operated by these remaining systems has stayed substantially the same through the years and is now greater than the number operated by the 465 systems in 1954. Furthermore, although these systems operate slightly less than 5% of the total phones in Ontario, they are located in predominantly rural areas and therefore occupy

a much wider service area than the telephone count would suggest, particularly in Northern Ontario.

	Number of Systems	Number of Telephones
1954	465	176,593
1960	306	179,918
1965	129	178,508
1970	66	183,858
1972	42	194,942

Of the remaining 42 Systems, 3 small companies have completed arrangements to sell to Bell Canada and will be taken over during the next two years. It is also possible that a few additional small systems will decide to sell out; however, most of the remaining companies have modernized their plant or have completed plans to do so and it is expected that approximately 35 independent systems will continue in business indefinitely.

At present growth rates, it is predicted that the number of phones owned by these remaining 35 systems will exceed 200,000 by 1973, with 99% operated on a modern dial basis. The Commission's modernizing program is now nearing completion and the Engineering Staff is becoming more concerned with assistance in designing additional plant and the further modernization of the remaining independent systems in order to keep up with technological advances in the telephone field, and the demand for new types of telecommunications services. During 1971, a complete re-study of two earlier converted systems was made and extensive planning was found necessary to cope with growth in their serving areas. Similar studies of other systems are in progress.

SIZE OF SYSTEMS

The following table indicates the size of systems operating in Ontario as of January 1, 1972. Both of the systems with less than 200 phones have been sold for take-over during 1972.

Number of Telephones	Number of Systems	%
1 - 200	2	4.8
201 - 500	5	11.9
501 - 1000	10	23.8
1001 - 2000	10	23.8
2001 - 5000	10	23.8
over 5000	<u>5</u>	<u>11.9</u>
	42	100.0

ORDERS OF THE COMMISSION, 1970

During the year ending December 31, 1970, a total of 192 Orders were issued by the Commission for the undermentioned purposes and under the following sections of The Telephone Act.

Section	Number of Orders
10 Amendments to previous orders	4
47 Approval of distribution of assets of Municipal Systems	3
60 Approval of release of a subscriber of a Municipal Systems	5
73 Prescribing date of Annual Meeting of Subscribers	1
88 Approval of Special Resolutions and Company By-Laws	11
96 Approval of agreements for interchange of service and amendments thereto	60
100 Approval of Municipal By-Laws granting franchises	2
103 Approval of sale of whole or part of system or transfer of control	6

Section		Number of Orders
105	Approval of telephone charges	28
108	Approval of use of depreciation funds for capital expenditure	2
109	Authority to issue evidence of indebtedness	8
		<hr/> 130

SALES

Two systems were sold to Bell Canada during 1971 and their operations will be integrated with those of Bell.

Name	Address	No. of Phones
Oxford Telephone Company Limited	Innerkip	2,942
Hopetown Telephone Company Limited ...	Hopetown	314

The following five additional systems gave up business during the year and their areas will now be served by Bell Canada. In most cases, completely new facilities have been installed and when these are in operation, old plant is removed and the independent system goes out of business.

Name	Address	No. of Phones
Burpee Municipal Telephone System....	Evansville	61
Herron Private Telephone System	Lanark	1
Osprey Municipal Telephone System ...	Feversham	346
Sebright Telephone Company Limited ..	Sebright	189
West Campbell & Mills Telephone Company Limited	Poplar	32

Approval was granted in 1971 for the merger of Central Community Telephone Limited and the Dunnville Consolidated Telephone Company Limited to form a new company called Community Telephone Company of Ontario Limited. The

new company, with head offices at Dunnville, operates a total of approximately 20,000 phones from twenty exchanges throughout Southern Ontario.

Approval was also granted for the sale of the Maberly Telephone Company Limited (115 phones) to Capital Telephone Company Limited, a subsidiary of Bell Canada.

One order was issued during the year which provided for a change of ownership of the controlling interest in an independent system. Harold J. Schmidt of Baden, Ontario purchased a controlling interest in the capital stock of the Morrow Telephone Company Limited at Sharbot Lake (708 phones).

As mentioned earlier in this report, arrangements have also been made with Bell Canada for the sale or overbuild during 1972-73 of an additional three small systems operating a total of approximately 500 phones. Each case has been studied individually by the Commission and an order has been issued to approve the action.

SUMMARY OF STATISTICS

As at January 1, 1971, there were 51 telephone systems within the jurisdiction of Ontario operating approximately 188,500 telephones.

During 1971, seven independent systems operating approximately 3,900 phones ceased to operate or were sold to Bell Canada, one system was sold to another independent company, two companies merged to form one new system, and a controlling interest in one system changed hands. At January 1, 1972, there were therefore 42 remaining independent systems in the Province and these operate approximately 195,000 phones.

The 42 systems operate a total of 134 exchanges throughout the Province. Of these exchanges, 119 have now been converted to dial operation and plans have been completed for the conversion or sale of eight additional manual exchanges during 1972-73.

Of the telephones operated by independent systems at January 1, 1972, a total of 190,000 or 97.5% are dial.

The following pages of this report contain a list of the names of the Independent systems in Ontario which report to this Commission, together with brief information concerning them.

SUMMARY OF STATISTICAL RETURNS FROM SYSTEMS AS AT DEC. 31, 1971

GROUP	NAME OF SYSTEM	C CS	SECRETARY OR MANAGER	P. O. ADDRESS	EXCHANGES	M CB D	PHONES ON EXCHANGE	TOTAL PHONES	CAPITAL EXPENDED	1971 REVENUE	1971 EXPENSES
3	Aylmer & Malahide Tel.Co.Ltd.	C	Howard Palmer Managing- Director	Aylmer	Aylmer Port Burwell Strafford- ville	D D D	4,593) 658) 1,021)	6,272	1,985,047	540,125	418,040
3	Balderson Tel. Co. Ltd.	C	L. Richardson Secretary	R.R. 7, Perth	Balderson	M	234	234	23,620	15,783	15,902
2	Blanshard Mun. Tel. System	C	Mrs.M.Urquhart Secretary- Treasurer	R.R.1, St.Marys	Granton Kirkton Uniondale Sebringville	D D D D	483) 1,000) 364) 917)	2,764	1,003,706	258,409	204,815
2	Brooke Mun. Tel. System	CS	Wilfred Chapman	Inwood	Alvinston* Inwood Watford*	D D D	285) 539) 486)	1,310	298,150	73,270	66,001
2	Bruce Mun. Tel. System	C	Mrs.M.MacLeod Secretary	Kincardine	Kincardine Paisley Port Elgin Tiverton	D D D D	2,173) 791) 1,895) 691)	5,550	2,144,279	542,797	375,742
	Burpee Mun. Tel. System		CEASED	TO OPERATE							
3	Cambray Telephone Co. Ltd.	C	Mrs.Bev.Bailey Secretary	Cambray	Cambray	CB	492	492	31,776	23,756	24,365
3	Capital Telephone Co. Ltd.	C	H. B. Bruce Manager	Carp	Carp Constance Maberly	D D D	1,300) 978) 125)	2,403	1,906,486	190,830	152,988

SUMMARY OF STATISTICAL RETURNS FROM SYSTEMS AS AT DEC. 31, 1971

[illegible]

SUMMARY OF STATISTICAL RETURNS FROM SYSTEMS AS AT DEC. 31, 1971

GROUP	NAME OF SYSTEM	C CS	SECRETARY OR MANAGER	P.O. ADDRESS	EXCHANGES	M CB D	PHONES ON EXCHANGE	TOTAL PHONES	CAPITAL EXPENDED	1971 REVENUE	1971 EXPENSES
	Community Tel. Co. of Ont. Ltd. (continued)										
3	Dawson Township Amalgamated Telephone Co. Ltd.	C	Mrs. E. VanEvery Secretary	Mel drum Bay	Tamworth Yarker	D D	405) 242)	21	5,673	1,294	1,215
1	Dryden Mun. Tel. System	C	W. M. Wake Secretary	Dryden	Mel drum Bay	D	21	3,308	1,218,287	286,469	215,279
	Dunnville Consolidated Tel. Company Limited										
3	Dunsford Tel. Light & Power Co-op. Assn. Ltd.	C	H. Elliott Secretary	Dunsford	Dunsford	M	422	422	26,959	25,772	25,000
3	Durham Telephones Ltd.	C	E. T. Downs Secretary	63 Brule Gardens, Toronto 3	Cavan Millbrook	D D	211) 665)	876	284,317	80,777	72,958
2	Gosfield North Mun. Tel. Syst.	C	Garnet Stockwell, Secretary	Cottam	Cottam	D	1,167	1,167	421,183	81,035	60,850
2	Hay Municipal Tel. System	C	W. C. Horner Secretary- Treasurer	Zurich	Dashwood Grand Bend Zurich	D D D	438) 1,244) 793)	2,475	834,340	196,101	169,978
	Herron Private Tel. System										
	Hopetown Telephone Co. Ltd.										
2	Huron & Kinloss Municipal Telephone System	C	C. Nicholson Manager	Ripley	Dungannon Ripley	D D	611) 1,283)	1,894	839,938	134,063	115,909

SUMMARY OF STATISTICAL RETURNS FROM SYSTEMS AS AT DEC. 31, 1971

GROUP	NAME OF SYSTEM	C CS	SECRETARY OR MANAGER	P. O. ADDRESS	EXCHANGES	M CB D	PHONES ON EXCHANGE	TOTAL PHONES	CAPITAL EXPENDED	1971 REVENUE	1971 EXPENSES
3	Hurontario Telephones Ltd.	C	Dr. J.A. Vance Secretary	Box 83, Woodstock	Thedford Port Franks	D D	655) 323)	978	360,629	86,128	71,832
1	Keewatin Municipal Tel.Syst.	C	E. L. Holmes Secretary	Keewatin	Keewatin	D	811	811	171,256	36,662	31,823
1	Kenora Mun. Tel. System	C	D. T. McLeod Secretary	Box 110, Kenora	Kenora	D	6,051	6,051	2,818,541	612,213	446,795
3	Lansdowne Rural Tel.Co. Ltd.	C	C. Tedford Manager	Lansdowne	Lansdowne	D	1,064	1,064	210,316	113,353	98,380
	Maberly Tel. Co. Ltd.		SOLD TO CAPITAL TEL. CO.		LTD.						
2	Maidstone Mun. Tel. System	C	B. Reeb Manager	R.R.3, Essex	Emeryville Pleasant Park	D D	1,659) 481)	2,140	586,392	165,989	127,082
3	Maitland Teleservices Ltd.	C	K.G. Rupert Manager	Brussels	Auburn Blyth Brussels	D D D	225) 810) 1,332)	2,367	1,467,590	167,864	192,532
3	Manitoulin Island Tel. Co. Limited	C	Sam Williams Manager	Mindenoya	Manitowaning Mindenoya Providence Bay Tehkumnah	M M M M	306) 299) 158) 139)	902	128,036	53,522	60,546
2	Mornington Mun. Tel. Syst.	C	D.Schlottzauer Secretary	Milverton	Milverton	D	1,413	1,413	560,758	119,536	84,157
3	Morrow Telephone Co. Ltd.	C	H.J. Schmidt Secretary- Treasurer	Baden	Parham Sharbot Lake	D D	245) 463)	708	416,284	59,338	66,987

TELEPHONE SYSTEMS

SUMMARY OF STATISTICAL RETURNS FROM SYSTEMS AS AT DEC. 31, 1971

GROUP	NAME OF SYSTEM	C CS	SECRETARY OR MANAGER	P.O. ADDRESS	EXCHANGES	M CB D	PHONES ON EXCHANGE	TOTAL PHONES	CAPITAL EXPENDED	1971 REVENUE	1971 EXPENSES
3	Muskoka & Parry Sound Tel. Company Ltd.	CS	H. J. Schmidt Secretary- Treasurer	Baden	Burks Falls* Emsdale Magnetewan Sprucedale	D D D D	188) 453) 271) 170)	1,082	392,690	84,004	83,897
3	Northern Telephone Ltd.	CS	D.H.J.Lamothe Secretary	New Liskeard	Abitibi Canyon Ansonville Belle Vallee Calstock Cobalt Cochrane* Connaught Earlton Elk Lake Englehard Fauguier Gowganda Haileybury Hearst Kamiskotia Kapuskasing Kirkland Lake Larder Lake Latchford Matatchewan Matheson Mattice Milberta Moobneam New Liskeard Opasatika	D D D D D D D D D D D D D D CB D M CB D D D D D D	204) 1,671) 139) 91) 1,177) 324) 94) 471) 178) 1,364) 228) 108) 2,037) 2,360) 24) 5,976) 6,577) 444) 127) 125) 747) 299) 165) 379) 3,969) 146)	50,459	22,371,634	6,618,386	4,828,007

SUMMARY OF STATISTICAL RETURNS FROM SYSTEMS AS AT DEC. 31, 1971

GROUP	NAME OF SYSTEM	C CS	SECRETARY OR MANAGER	P.O. ADDRESS	EXCHANGES	M CB D	PHONES ON EXCHANGE	TOTAL PHONES	CAPITAL EXPENDED	1971 REVENUE	1971 EXPENSES
	Northern Telephone Ltd. (continued)				Opishig Ramore-Holtyre Smooth Rock Falls South Porcupine Swastika Timmins Val Gagne Virginiatown	D D D D D D D D D CB	9) 483)) 908)) 2,924) 702) 15,233) 289) 487)				
2	North Norwich Mun.Tel. Syst.	CS	Mrs.M. Spencer Secretary- Treasurer	Burgessville	Burgessville Norwich* Woodstock*	D D D	855) 283) 159)	1,297	554,606	91,073	61,582
3	North Renfrew Tel. Co. Ltd.	CS	B. H. Brown Manager	Beachburg	Beachburg Pembroke* Westmeath	D D D	399) 202) 231)	832	372,714	71,813	67,801
3	Oakwood Tel. Co. Limited	C	Miss.E.Gorrill Secretary- Treasurer	R.R. 1, Little Britain	Oakwood	CBM	308	308	19,150	20,377	20,177
	Osprey Municipal Tel. Syst.		CEASED TO OPERATE								
2	Otonabee Mun. Tel. System	C	F. Blackburn Secretary- Treasurer	Keene	Keene	D	774	774	240,065	56,522	40,450
	Oxford Telephone Co. Ltd.		SOLD TO BELL CANADA								

SUMMARY OF STATISTICAL RETURNS FROM SYSTEMS AS AT DEC. 31, 1971

GROUP	NAME OF SYSTEM	C CS	SECRETARY OR MANAGER	P.O. ADDRESS	EXCHANGES	M CB D	PHONES ON EXCHANGE	TOTAL PHONES	CAPITAL EXPENDED	1971 REVENUE	1971 EXPENSES
3	People's Tel. Co. of Forest Limited	C	R.K. Sutherland Secretary- Treasurer	Forest	Aberarder Arkona Forest	D D D	460) 445) 1,725)	2,630	692,743	238,841	186,328
3	Robinson Rural Tel. Co. Ltd.	C	W. Smyth Secretary- Treasurer	Silverwater	Silverwater	M	41	41	-	3,936	3,235
3	Roxborough Tel. Co. Ltd.	C	J. W. Beach Manager	1609 Jane St., Cornwall	Moose Creek	D	346	346	87,185	26,533	20,536
	Sebright Telephone Co. Ltd.		CEASED TO OPERATE								
3	South Bruce Rural Tel. Co. Ltd.	C	A.H. McTavish Secretary- Treasurer	Teeswater	Mildmay Teeswater	D D	903) 850)	1,753	553,743	131,993	99,871
3	Taylor Telephone Co. Ltd.	C	R. Taylor Secretary	Lion's Head	Dyer's Bay Lion's Head Stoke's Bay Tobermory	D CB D D	81) 540) 69) 274)	964	315,979	115,665	115,045
1	Thunder Bay Telephone Dept.	C	C. H. Boland Manager	241 Vickers Street, Thunder Bay	Court Street Current River Murillo Riverview Shuniah Vickers	D D D D D D	21,939) 2,956) 424) 5,521) 3,268) 24,997)	59,105	21,630,381	3,874,704	3,466,214

SUMMARY OF STATISTICAL RETURNS FROM SYSTEMS AS AT DEC. 31, 1971

GROUP	NAME OF SYSTEM	C CS	SECRETARY OR MANAGER	P. O. ADDRESS	EXCHANGES	M CB D	PHONES ON EXCHANGE	TOTAL PHONES	CAPITAL EXPENDED	1971 REVENUE	1971 EXPENSES
2	Tuckersmith Mun. Tel. System	C	Mel Graham Secretary- Treasurer	Brucefield	Bayfield Clinton* Hensall* Seaforth*	D D D D	494) 404) 452) 410)	1,760	395,877	98,002	82,867
	West Campbell & Mills Tel. Company Limited		CEASED TO OPERATE								
3	Westport Tel. Co. Ltd.	C	G. S. McNally Secretary- Treasurer	R.R.2, Westport	Westport	D	764	764	193,555	78,625	63,065
3	Wightman Telephone Limited	C	Mrs. L. Wightman Secretary	Clifford	Ayton Clifford Gorrie Neustadt	D D D D	420) 553) 1,127) 311)	2,411	1,174,232	209,272	173,358

GROUP NUMBER

NOTES

1. Systems established under "The Telephone Act" by Municipal Corporations and operated as Public Utilities.

2. Systems established under "The Telephone Act" by, and vested in Municipal Corporations in trust for the benefit of the subscribers and operated by the Municipal Council or by a Commission elected by the subscribers.

3. Systems owned by Incorporated Telephone Companies.

NOTES

C - Connecting Company Station
own exchange

CS - Connecting Company which also
operates Service Station
Lines.

B - Battery Exchange

CB - Common Battery Exchange

CEM - Common Battery and Magneto

D - Dial Exchange

S - Indicates exchange to which
Service Station Lines
connect.

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1972

ANNUAL REPORT



ontario telephone service commission
ministry of transportation and communications
downsview ontario

ANNUAL REPORT
TO THE
MINISTER OF TRANSPORTATION AND COMMUNICATIONS
ONTARIO TELEPHONE SERVICE COMMISSION
1972
INCLUDING
SUMMARY OF STATISTICAL RETURNS
FROM TELEPHONE SYSTEMS

MINISTRY OF TRANSPORTATION AND COMMUNICATIONS

DOWNSVIEW, ONTARIO

Letter of Transmittal

TO THE HONOURABLE G.R. CARTON, Q.C.

Minister of Transportation and Communications

Sir:

The undersigned have the honour to present the Annual Report of the Ontario Telephone Service Commission for the year ending December 31, 1972.

Respectfully submitted,

R.G. BENNETT, Chairman,

D.M. DUNCAN, Vice-Chairman,

J.B. WEBSTER, Member.

Downsview, Ontario

August 15, 1973

ONTARIO TELEPHONE SERVICE COMMISSION

The Ontario Telephone Service Commission is responsible for:

- . administration of The Telephone Act, (R.S.O. 1970, Chap.457) regulating the operations of Independent Telephone Systems created under the Statutes of Ontario.
- . provision of management, engineering, and technical advice to Independent Telephone Systems.

As of January 1, 1973, there were 40 Independent Telephone Systems operating in Ontario with approximately 205,500 phones and an estimated total capital expenditure, for plant and equipment, of some \$87,000,000. Telephone service in the Province is provided by these 40 Independents, by Bell Canada with more than four million phones, and by the Ontario Northland Communications System which operates long distance lines in Northern Ontario and Quebec and provides local service to a few customers.

ADMINISTRATION

The Commission consists of three members appointed by Order-in-Council and a permanent staff of five, including a professional communications engineer, two engineering officers, the Executive Secretary and a stenographer. The Commission holds regular meetings in Toronto, once a month or more frequently when required, to hear applications made under the provisions of The Telephone Act. Public Hearings are held in other locations in cases where the public can be better served by holding a local hearing.

Since telephone systems operate on an exclusive franchise basis, and are not subject to the natural control of competition in their own area, there must be a measure of government control over their operations. To revise rates, borrow or issue capital, sell out or merge with another system, or make agreements for interchange of service, the Independent Telephone Systems in Ontario must obtain approval from the Commission.

In 1971, administration of The Telephone Act was assigned to the Minister of Transportation and Communications and the offices of the Commission are now located in the Ministry of Transportation and Communications building at Downsview, Ontario.

Good communications in today's world are becoming more important every year, to the public, to industry, and to government, and the whole field of communications is constantly changing and expanding. A telecommunications policy for the Province of Ontario is presently being developed by the Ministry of Transportation and Communications and the new Communications Branch was established in early 1972 to administer the activities of the Ministry in this broad field.

ORGANIZATION OF SYSTEMS

The independent telephone systems in Ontario may be divided into three classes according to type of ownership. The 40 systems operating at the beginning of 1973 are organized as follows:

	Systems		Telephones	
	No.	%	No.	%
Systems operated as Public Utilities by Municipal Corporations	5	12.5	76,355	37.2
Municipal Systems	12	30.0	24,588	12.0
Systems owned by Incorporated Telephone Companies	23	57.5	104,527	50.8
	40	100.0	205,470	100.0

MODERNIZATION OF SYSTEMS

Lack of revenue during the 1930's depression and the difficulty in obtaining maintenance supplies and new equipment during the war years, resulted in many run down, obsolete independent telephone systems. When the Ontario Telephone Authority (predecessor to the Commission) was established in 1954, there were 465 Independent systems in Ontario operating a total of some 176,000 phones. Most of these were very small organizations with less than 300 phones. The few dial exchanges operated by Independents were mostly in urban areas. The Commission encouraged and assisted those systems wishing to convert to modern dial operation and tried to persuade smaller systems to amalgamate with neighbouring systems in order to form units large enough to make dial conversion economically feasible.

Since 1954, the Commission's engineering staff has provided complete plant design and engineering services for the conversion of 49 telephone exchanges to dial and two more are underway. Substantial engineering assistance has been provided in the dial conversion of an additional 30 exchanges and general advice and technical assistance has been provided to systems conducting their own modernization program.

Many systems decided to sell rather than raise the large amounts of capital necessary to finance a modernization program. Many sold out to Bell Canada and quite a few to larger, neighbouring independents. As a result, the number of independent systems has steadily decreased. However, the systems that modernized have steadily expanded so that the total number of phones operated by these remaining systems has stayed substantially the same through the years and is now greater than the number operated by the 465 systems in 1954. Furthermore, although these systems operate slightly less than 5% of the total phones in Ontario, they are located in predominantly rural areas and therefore occupy a much wider service area than the telephone count would suggest, particularly in Northern Ontario.

	Number of Systems	Number of Telephones
1954	465	176,593
1960	306	179,918
1965	129	178,508
1970	66	183,858
1973	40	205,470

Of the remaining 40 Systems, 1 small company has completed arrangements to sell to Bell Canada and will be taken over this year. It is also possible that a few additional small systems will decide to sell out; however, most of the remaining companies have modernized their plant or have completed plans to do so and it is expected that approximately 35 independent systems will continue in business indefinitely.

At present growth rates, it is predicted that the number of phones owned by these remaining 35 systems will exceed 225,000 by 1975, with more than 99% operated on a modern dial basis. The Commission's modernizing program is now nearing completion and the engineering staff is

becoming more concerned with assistance in designing additional plant and the further modernization of the remaining independent systems in order to keep up with technological advances in the telephone field, and the demand for new types of telecommunications services. During 1971, a complete re-study of two earlier converted systems was made and extensive planning was found necessary to cope with growth in their serving areas. Construction of new plant is now underway at these systems with Commission staff providing supervisory assistance. In 1972, re-studies of four systems were made and similar studies of others are in progress.

SIZE OF SYSTEMS

The following table indicates the size of systems operating in Ontario as of January 1, 1973.

Number of Telephones	Number of Systems	%
101 - 500	6	15.0
501 - 1000	6	15.0
1001 - 2000	13	32.5
2001 - 3000	7	17.5
3001 - 5000	2	5.0
5001 - 10,000	3	7.5
over 10,000	3	7.5
	<hr/> 40 <hr/>	<hr/> 100.0 <hr/>

ORDERS OF THE COMMISSION, 1972

During the year ending December 31, 1972, a total of 127 Orders were issued by the Commission for the undermentioned purposes and under the following sections of The Telephone Act.

Section	Number of Orders
10 Amendments to previous orders	4
60 Approval of release of a subscriber of a Municipal System	5
73 Prescribing date of Annual Meeting of Subscribers	6
88 Approval of Special Resolutions and Company By-Laws	4
96 Approval of agreements for interchange of service and amendments thereto	55
103 Approval of sale of whole or part of system or transfer of control	5
105 Approval of telephone charges	43
108 Approval of use of depreciation funds for capital expenditure	2
109 Authority to issue evidence of indebtedness	3
	<hr/> 127

SALES

Two small systems on Manitoulin Island were sold to Bell Canada during 1972 and their operations will be integrated with those of Bell.

Name	Address	No. of Phones
Dawson Township Amalgamated Telephone Company Limited	Meldrum Bay	21
Robinson Rural Telephone Company Limited	Silverwater	41

Bell Canada also purchased two larger exchanges at Carp (1300 phones) and Constance Bay (980 phones) from its subsidiary, Capital Telephone Company Limited. These exchanges now form part of the Ottawa complex and it was considered that their operation and future planning could be better administered by the parent company.

A new, wholly-owned Bell Canada subsidiary, Telontario Incorporated, was established in 1972 to consolidate Bell's interest in two Ontario systems in which the company owned a controlling interest. It is also intended that any future acquisitions of independent systems will be made by Telontario Incorporated rather than by Bell Canada in order that such systems will remain provincially regulated.

The Commission therefore approved the change of ownership of a controlling interest in Maitland Teleservices Limited (2500 phones) and Caradoc-Ekfrid Telephone Company Limited (2100 phones) from Bell Canada to Telontario Incorporated.

One other Order was issued during the year which provided for the change of ownership of a controlling interest in an independent system. Harold J. Schmidt of Baden, Ontario, purchased a controlling interest in the capital stock of the Muskoka & Parry Sound Telephone Company Limited at Emsdale (1135 phones).

SUMMARY OF STATISTICS

As at January 1, 1972, there were 42 telephone systems within the jurisdiction of Ontario operating approximately 195,000 telephones.

During 1972, two small independent systems operating approximately 60 phones were sold to Bell Canada, and two exchanges operating approximately 2300 phones and owned by a Bell subsidiary were taken over by the parent company. A controlling interest in three systems changed hands. At January 1, 1973, there were therefore 40 remaining independent systems in the Province and these operate approximately 205,500 phones.

The 40 systems operate a total of 128 exchanges throughout the Province. Of these exchanges, 119 have now been converted to dial operation and plans have been completed for the conversion or sale of three additional manual exchanges during 1973.

Of the telephones operated by independent systems at January 1, 1973, a total of almost 202,000 or 98.2% are dial.

The following pages of this report contain a list of the names of the Independent systems in Ontario which report to this Commission, together with brief information concerning them.

TELEPHONE SYSTEMS
SUMMARY OF STATISTICAL RETURNS FROM SYSTEMS AS AT DEC. 31, 1972.

GROUP	NAME OF SYSTEM	C CS	SECRETARY OR MANAGER	P.O. ADDRESS	EXCHANGES	M CB D	PHONES ON EXCHANGE	TOTAL PHONES	CAPITAL EXPENDED	1972 REVENUE	1972 EXPENSES
3	Aylmer & Malahide Tel.Co.Ltd.	C	Howard Palmer Managing - Director	Aylmer	Aylmer Port Burwell Straffordville	D D D	4,880) 681) 1,044)	6,605	2,163,000	581,551	450,537
3	Balderson Tel. Co. Ltd.	C	Mrs. G.Dobbie Secretary- Treasurer	R.R. 7, Perth	Balderson	M	234	234	23,620	15,849	15,610
2	Blanshard Mun. Tel. system	C	Mrs.M.Urquhart Secretary- Treasurer	R.R.1, St.Marys	Granton Kirkton Uniondale Sebringville	D D D D	551) 1,041) 373) 1,105)	3,070	1,094,092	302,699	232,272
2	Brooke Mun. Tel. System	CS	Wilfred Chapman Manager	Inwood	Alvinston* Inwood Watford*	D D D	278) 544) 506)	1,328	298,812	81,097	77,179
2	Bruce Mun. Tel. System	C	Mrs.M.MacLeod Secretary	Kincardine	Kincardine Paisley Port Elgin Tiverton	D D D D	2,310) 778) 2,048) 809)	5,945	2,002,042	615,884	470,192
3	Cambray Telephone Co. Ltd.	C	Mrs.Bev.Bailey Secretary	Cambray	Cambray	CB	492	492	32,051	27,494	28,423
3	Capital Telephone Co. Ltd.	C	H.B. Bruce Manager	Carp	Maberly	D	161	161	235,009	95,232	94,571
3	Caradoc-Ekfrid Tel. Co. Ltd.	C	E.R. Monteith Manager	Melbourne	Melbourne Mount Brydges	D D	812) 1,285)	2,097	1,568,686	172,912	189,228

TELEPHONE SYSTEMS

SUMMARY OF STATISTICAL RETURNS FROM SYSTEMS AS AT DEC. 31, 1972

[illegible]

SUMMARY OF STATISTICAL RETURNS FROM SYSTEMS AS AT DEC. 31, 1972

GROUP	NAME OF SYSTEM	C CS	SECRETARY OR MANAGER	P.O. ADDRESS	EXCHANGES	M CB D	PHONES ON EXCHANGE	TOTAL PHONES	CAPITAL EXPENDED	1972 REVENUE	1972 EXPENSES
3	Dawson Township Amalgamated Tel. Company Ltd.		C E A S E D	T O O P E R A T E							
1	Dryden Mun. Tel. System	C	W.M. Wake Secretary	Dryden	Dryden	D	3,540	3,540	1,300,250	310,790	242,603
3	Dunsford Tel. Light & Power Co-operative Assoc. Ltd.	C	H. Elliott Secretary	Dunsford	Dunsford	M	418	418	30,000	35,342	28,229
3	Durham Telephones Ltd.	C	E.T. Downs Secretary	63 Brule Gardens, Toronto, M6S 4J5	Cavan Millbrook	D D	229) 694)	923	312,846	88,439	60,935
2	Gosfield North Mun. Tel. Syst.	C	G. Stockwell Secretary	Cottam	Cottam	D	1,216	1,216	449,640	98,627	70,607
2	Hay Municipal Tel. System	C	W.C. Horner Secretary- Treasurer	Zurich	Dashwood Grand Bend Zurich	D D D	462) 1,353) 822)	2,637	876,690	221,443	131,890
2	Huron & Kinloss Mun. Tel. Syst.	C	C. Nicholson Manager	Ripley	Dungannon Ripley	D D	632) 1,365)	1,997	860,813	146,155	119,012
3	Huronario Telephones Ltd.	C	Dr. J.A. Vance Secretary	Box 83, Woodstock	Thedford Port Franks	D D	662) 384)	1,046	410,804	97,349	83,816
1	Keewatin Municipal Tel. System	C	E.L. Holmes Secretary	Keewatin	Keewatin	D	1,071	1,071	179,354	42,174	36,802
1	Kenora Mun. Telephone System	C	D.T. McLeod	Box 110, Kenora	Kenora	D	6,226	6,226	2,552,521	719,962	510,356

SUMMARY OF STATISTICAL RETURNS FROM SYSTEMS AT AT DEC. 31, 1972

GROUP	NAME OF SYSTEM	C CS	SECRETARY OR MANAGER	P.O. ADDRESS	EXCHANGES	M CB D	PHONES ON EXCHANGE	TOTAL PHONES	CAPITAL EXPENDED	1972 REVENUE	1972 EXPENSES
3	Lansdowne Rural Tel. Co. Ltd.	C	C. Tedford Manager	Lansdowne	Lansdowne	D	1,124	1,124	244,273	95,246	76,174
2	Maidstone Mun. Tel. System	C	B. Reeb Manager	R.R.#3, Essex	Emeryville Pleasant Park	D D	1,719) 482)	2,201	615,406	208,403	185,069
3	Maitland Teleservices Ltd.	C	E.R. Monteith Manager	Brussels	Auburn Elyth Brussels	D D D	228) 870) 1,416)	2,514	1,518,745	186,085	203,987
3	Manitoulin Island Tel.Co.Ltd.	C	Ian Gare Manager	Mindemoya	Manitowaning Mindemoya Tehkummah	M D M	344) 609) 161)	1,114	622,969	76,951	85,499
2	Mornington Mun. Tel. System	C	D.Schlotzhauer Secretary	Milverton	Milverton	D	1,565	1,565	609,382	132,032	95,701
3	Morrow Telephone Company Ltd.	C	H.J. Schmidt Secretary- Treasurer	Baden	Parham Sharbot Lake	D D	227) 493)	720	448,727	98,805	98,807
3	Muskoka & Parry Sound Tel. Company Ltd.	CS	H.J. Schmidt Secretary- Treasurer	Baden	Burks Falls* Emsdale Magnetawan Sprucedale	D D D D	197) 478) 276) 182)	1,133	440,147	91,940	97,075
3	Northern Telephone Limited	CS	D.H.J.Lamothe Secretary	New Liskeard	Abitibi Canyon Ansonville Belle Vallee Calstock Cobalt	D D D D D	210) 1,761) 145) 100) 1,121)				

SUMMARY OF STATISTICAL RETURNS FROM SYSTEMS AS AT DEC. 31, 1972.

GROUP	NAME OF SYSTEM	C CS	SECRETARY OR MANAGER	P.O. ADDRESS	EXCHANGES	M CB D	PHONES ON EXCHANGE	TOTAL PHONES	CAPITAL EXPENDED	1972 REVENUE	1972 EXPENSES
3	Northern Telephone Ltd. (Continued)				Cochrane*	D	339)				
					Connaught	D	104)				
					Earlton	D	509)				
					Elk Lake	D	182)				
					Englehart	D	1,470)				
					Fauquier	D	230)				
					Gowganda	D	90)				
					Haileybury	D	2,145)				
					Hearst	D	2,628)				
					Kamiskotia	D	30)				
					Kapuskasing	D	6,300)	53,149	23,930,169	7,547,742	4,986,080
					Kirkland Lake	D	6,712)				
					Larder Lake	CB	468)				
					Latchford	D	135)				
					Matachewan	D	133)				
					Matheson	D	764)				
					Mattice	D	312)				
					Milberta	D	176)				
					Moonbeam	D	409)				
					New Liskeard	D	4,262)				
					Opasatika	D	148)				
					Opishing	D	4)				
					Ramore-Holtyre	D	509)				
					Smooth Rock Falls	D	976)				
					South Porcupine	D	3,055)				
					Swastika	D	751)				
					Timmins	D	16,144)				
					Val Gagne	D	313)				
					Virginiatown	CB	514)				

SUMMARY OF STATISTICAL RETURNS FROM SYSTEMS AS AT DEC. 31, 1972

GROUP	NAME OF SYSTEM	C CS	SECRETARY OR MANAGER	P.O. ADDRESS	EXCHANGES	M CB D	PHONES ON EXCHANGE	TOTAL PHONES	CAPITAL EXPENDED	1972 REVENUE	1972 EXPENSES
2	North Norwich Mun. Tel. Syst.	CS	Mrs. M. Spencer Secretary- Treasurer	Burgessville	Burgessville Norwich* Woodstock*	D D D	868) 288) 169)	1,325	587,031	100,867	67,590
3	North Renfrew Tel. Co. Ltd.	CS	Mrs. A. Brown Secretary	Beachburg	Beachburg Pembroke* Westmeath	D D D	440) 224) 251)	915	379,644	78,787	81,115
3	Oakwood Tel. Company Ltd.	C	Miss E. Gorrill Secretary- Treasurer	R.R.1, Little Britain	Oakwood	CBM	325	325	19,150	21,755	21,712
2	Otonabee Mun. Tel. System	C	F. Blackburn Secretary- Treasurer	Keene	Keene	D	802	802	240,065	62,889	49,907
3	People's Tel. Co. of Forest Limited	C	R.K. Sutherland Secretary- Treasurer	Forest	Aberarder Arkona Forest	D D D	494) 472) 2,015)	2,981	813,049	273,190	214,492
3	Robinson Rural Tel. Co. Ltd.				C E A S E D TO O P E R A T E						
3	Roxborough Tel. Co. Ltd.	C	J.W. Beach Manager	1609 Jane St. Cornwall	Moose Creek	D	368	368	88,250	28,026	21,368
3	South Bruce Rural Tel. Co. Ltd.	C	A.H. McTavish Secretary- Treasurer	Teeswater	Mildmay Teeswater	D D	923) 867)	1,790	570,275	139,837	108,447
3	Taylor Telephone Co. Ltd.	C	R. Taylor Secretary	Lion's Head	Dyer's Bay Lion's Head Stoke's Bay Tobermory	D CB D D	87) 620) 72) 297)	1,076	332,648	132,739	127,108

SUMMARY OF STATISTICAL RETURNS FROM SYSTEMS AS AT DEC.31, 1972

GROUP	NAME OF SYSTEM	C CS	SECRETARY OR MANAGER	P.O. ADDRESS	EXCHANGES	M CB D	PHONES ON EXCHANGES	TOTAL PHONES	CAPITAL EXPENDED	1972 REVENUE	1972 EXPENSES
1	Thunder Bay Telephone Dept.	C	H.W. McKinnon Manager	241 Vickers Street, Thunder Bay	Court Street Current River Murillo Riverview Shuniah Vickers	D D D D D D	22,319) 3,076) 472) 9,946) 3,531) 23,929)	63,273	24,040,325	4,068,337	3,790,155
2	Tuckersmith Mun. Tel. Syst.	CS	Mel Graham Secretary- Treasurer	Brucefield	Bayfield Clinton* Hensall* Seaforth*	D D D D	534) 420) 461) 433)	1,848	395,962	107,502	88,453
3	Westport Telephone Co. Ltd.	C	O.S. McNally Secretary- Treasurer	R.R.2, Westport	Westport	D	774	774	202,445	66,991	39,239
3	Wightman Telephone Limited	C	Mrs.L.Wightman Secretary	Clifford	Ayton Clifford Gorrie Neustadt	D D D D	416) 572) 1,148) 310)	2,446	1,251,525	217,466	197,625

GROUP
NUMBER

NOTES

NOTES

1. Systems established under "The Telephone Act" by Municipal Corporations and operated as Public Utilities.

C - Connecting Company operating own exchange

M - Magneto Exchange

CB - Common Battery Exchange

2. Systems established under "The Telephone Act" by, and vested in Municipal Corporations in trust for the benefit of the subscribers and operated by the Municipal Council or by a Commission elected by the subscribers.

CS - Connecting Company which also operates Service Station Lines.

CBM - Common Battery and Magneto

D - Dial Exchange

* Indicates Exchange to which Service Station Lines connect.

3. Systems owned by Incorporated Telephone Companies.

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Government
Publications

1973 ANNUAL REPORT



Ontario

Ontario telephone service commission
ministry of transportation and communications
downsview ontario

ANNUAL REPORT
TO THE
MINISTER OF TRANSPORTATION AND COMMUNICATIONS
ONTARIO TELEPHONE SERVICE COMMISSION
1973
INCLUDING
SUMMARY OF STATISTICAL RETURNS
FROM TELEPHONE SYSTEMS

MINISTRY OF TRANSPORTATION AND COMMUNICATIONS

DOWNSVIEW, ONTARIO

Letter of Transmittal

TO THE HONOURABLE JOHN R. RHODES

Minister of Transportation and Communications

Sir:

The undersigned have the honour to present the Annual Report of the Ontario Telephone Service Commission for the year ending December 31, 1973.

Respectfully submitted,

E.A. FRITH, Chairman,

D.M. DUNCAN, Vice-Chairman,

J.B. WEBSTER, Member,

R.G. BENNETT, Member.

Downsview, Ontario

July 15th, 1974

ONTARIO TELEPHONE SERVICE COMMISSION

The Ontario Telephone Service Commission is responsible for administration of The Telephone Act, (R.S.O. 1970, Chap. 457) regulating the operation of Independent Telephone Systems created under the Statutes of Ontario.

As of January 1, 1974, there were 40 Independent Telephone Systems operating in Ontario with approximately 216,000 telephones and an estimated total capital expenditure, for plant and equipment of almost \$100 million. Telephone service in the Province is provided by these 40 Independents, by Bell Canada with more than four million telephones, and by the Ontario Northland Communications System which operates long distance lines in Northern Ontario and provides local service to approximately 1,600 customers.

ADMINISTRATION

The Commission consists of four members appointed by Order-in-Council and a permanent staff of two, the Executive Secretary and a stenographer. Staff support including Engineering, Accounting, Legal and Technical Assistance, is provided by the Communications Division of the Ministry of Transportation and Communication on request

of the Commission.

The Commission holds regular meetings in Toronto, once a month or more frequently when required, to hear applications made under the provisions of The Telephone Act. Public Hearings are held in other locations in cases where the public can be better served by holding a local hearing.

Since telephone systems operate on an exclusive franchise basis, and are not subject to the natural control of competition in their own area, there must be a measure of regulatory control over their operations. To revise rates, borrow or issue capital, sell out or merge with another system, or make agreements for interchange of service, the Independent Telephone Systems in Ontario must obtain approval from the Commission.

In 1971, administration of The Telephone Act was assigned to the Minister of Transportation and Communications. The offices of the Commission are now located in the Ministry of Transportation and Communications building at Downsview, Ontario.

Good communications in today's world are more important every year, to the public, to industry, and to government. The field of communications is constantly changing and expanding. A telecommunications policy for the Province of Ontario is being developed by the

Ministry of Transportation and Communications. The new Communications Division was established in early 1974 to administer the activities of the Ministry in this broad field.

ORGANIZATION OF SYSTEMS

The Independent Telephone Systems in Ontario may be divided into three classes according to type of ownership. The 40 systems operating at the beginning of 1974 are organized as follows:

	Systems		Telephones	
	No.	%	No.	%
Systems operated as Public Utilities by Municipal Corporations	5	12.5	79,329	36.7
Municipal Systems	11	27.5	23,772	11.0
Systems owned by Incorporated Telephone Companies	24	60.0	112,906	52.3
	40	100.0	216,007	100.0

MODERNIZATION OF SYSTEMS

Lack of revenue during the 1930's depression and the difficulty in obtaining maintenance supplies and new equipment during the war years, resulted in many run down,

obsolete independent telephone systems. When the Ontario Telephone Authority (predecessor to the Commission) was established in 1954, there were 465 independent Systems in Ontario operating a total of some 176,000 telephones. Most of these were very small organizations with less than 300 telephones. The few dial exchanges operated by Independents were mostly in urban areas. The Commission encouraged and assisted those systems wishing to convert to modern dial operation and tried to persuade smaller systems to amalgamate with neighbouring systems in order to form units large enough to make dial conversion economically feasible.

Many systems decided to sell rather than raise the large amounts of capital necessary to finance a modernization program. Many sold out to Bell Canada and to larger, neighbouring independents. As a result, the number of independent systems has steadily decreased. However, the systems which modernized have steadily expanded so that the total number of telephones operated by these remaining systems has stayed substantially the same through the years and is now greater than the number operated by the 465 systems in 1954. Furthermore, although these systems operate slightly less than 5 per cent of the total telephones in Ontario, they are located in predominantly rural areas and therefore occupy a much wider service area than the telephone count would suggest, particularly in Northern Ontario.

	Number of Systems	Number of Telephones
1954	465	176,593
1960	306	179,918
1965	129	178,508
1970	66	183,858
1974	40	216,007

Of the remaining 40 Systems, most have modernized their plant or have completed plans to do so.

At present growth rates, it is predicted that the number of telephones under provincial jurisdiction will exceed 225,000 by 1975, with more than 99 per cent operated on a modern dial basis. The Commission's modernizing program is now nearing completion and the engineering staff of the Communications Division of the Ministry is becoming more concerned with assistance in designing additional plant and the further modernization of the remaining independent systems in order to keep up with technological advances in the telephone field, and the demand for new types of telecommunications services.

SIZE OF SYSTEMS

The following table indicates the size of systems operating in Ontario as of January 1, 1974.

Number of Telephones	Number of Systems	%
101 - 500	5	12.5
501 - 1000	8	20.0
1001 - 2000	11	27.5
2001 - 3000	8	20.0
3001 - 4000	2	5.0
4001 - 5000	0	0.0
5001 - 10,000	3	7.5
over 10,000	3	7.5
	<u>40</u>	<u>100.0</u>

ORDERS OF THE COMMISSION, 1973

During the year ending December 31, 1973, a total of 81 Orders were issued by the Commission for the undermentioned purposes and under the following sections of The Telephone Act.

Section	Number of Orders
10 Amendments to previous orders	3
47 Approval of Distribution of Assets	2
60 Approval of release of a subscriber of a Municipal System	2
71 Approval of By-Laws of a Municipal System .	1
73 Prescribing date of Annual Meeting of Subscribers	3
88 Approval of Special Resolutions and Company By-Laws	8
96 Approval of agreements for interchange of service and amendments thereto	20
100 Approval of Municipal By-Laws granting franchises	3
102 Approval of agreements re technical services	3
103 Approval of sale of whole or part of system or transfer of control	1
105 Approval of telephone charges	24
109 Authority to issue evidence of indebtedness	<u>11</u>
	81

SALES AND CHANGES

The Dunsford Telephone, Light and Power Association Limited (420 telephones) was taken over by Bell Canada in 1973. This completed arrangements made several years ago for the sale of the system. In the meantime, Bell has substantially rebuilt the outside plant and installed a dial exchange and the system's operation has been integrated with that of Bell.

Sale of the Maidstone Municipal Telephone System (2,200 telephones) to Telontario Incorporated was completed in 1973. The latter company is a subsidiary of Bell Canada which was established in 1972 to make such acquisitions in order that future purchases of Independent Systems by Bell would leave the systems under provincial regulation.

Central Communications Corporation of Tomah, Wisconsin (owner of Manitoulin Island Telephone Company Limited) purchased a controlling interest in the Taylor Telephone Company Limited which operates four exchanges in the northern section of the Bruce Peninsula with a total of 1150 telephones. The Taylor System will continue under the same name.

The name of the Morrow Telephone Company Limited was changed to the "North Frontenac Telephone Company Limited". This systems operates 880 telephones from two exchanges at Sharbot Lake and Parham.

In addition to the above changes, it was decided to add the name of the Abitibi Paper Company Limited to the list of systems which follows this report. Although the telephone system is operated as an integral part of services provided by the Company in a Company town, it does provide service to the public from its exchange in Iroquois Falls and is therefore regulated by the Ontario Telephone Service Commission.

SUMMARY OF STATISTICS

As at January 1, 1973, there were 40 telephone systems within the jurisdiction of Ontario operating approximately 205,500 phones.

During 1973, one system was sold to Bell Canada and one to another independent company. A controlling interest in one system changed hands and the name of another was changed. One system was added to the list. At January 1st, 1974, there were therefore 40 remaining independent systems in the Province and these operate 216,000 telephones.

The 40 systems operate a total of 125 exchanges. Of these exchanges, 118 have now been converted to dial operation and plans have been completed for the conversion of two additional manual exchanges during 1974.

Of the telephones operated by independent systems at January 1, 1974, a total of 213,000 or 98.7% are dial.

The following pages of this report contain a list of the names of the independent systems in Ontario which report to this Commission, together with brief information concerning them.

TELEPHONE SYSTEMS
SUMMARY OF STATISTICAL RETURNS FROM SYSTEMS AS AT DEC. 31, 1973

GROUP	NAME OF SYSTEM	C CS	SECRETARY OR MANAGER	P.O. ADDRESS	EXCHANGES	M CB D	PHONES ON EXCHANGE	TOTAL PHONES	CAPITAL EXPENDED	1973 REVENUE	1973 EXPENSES
3	Abitibi Paper Company Ltd.	C	J.C. Jordan Mill Manager	Iroquois Falls	Iroquois Falls	D	998	998	NOT APPLICABLE		
3	Aylmer & Malahide Tel.Co.Ltd.	C	Howard Palmer Managing- Director	Aylmer	Aylmer Port Burwell Straffordville	D D D	5,132) 1,065) 702)	6,899	2,324,390	670,799	523,880
3	Balderson Tel. Co. Ltd.	C	Mrs. T.Dunlop Secretary- Treasurer	R.R. #7, Perth	Balderson	M	245	245	25,802	20,894	19,825
2	Blanshard Mun. Tel. System	C	Mrs.H.Hardeman Secretary- Treasurer	Kirkton N0K 1K0	Granton Kirkton Uniondale Sebringville	D D D D	591) 1,106) 408) 1,145)	3,250	1,300,267	353,676	259,081
2	Brooke Municipal Tel. Syst.	CS	Wilfred Chapman Manager	Inwood	Alvinston* Inwood Walford*	D D D	297) 545) 532)	1,374	336,945	91,104	76,741
2	Bruce Municipal Tel. System	C	Mrs.M. MacLeod Secretary	Kincardine	Kincardine Paisley Port Elgin Tiverton	D D D D	2,626) 804) 2,308) 882)	6,620	2,699,307	712,151	535,694
3	Cambray Telephone Co. Ltd.	C	Mrs.Bev.Bailey Secretary	Cambray	Cambray	CB	485	485	32,051	30,248	31,921
3	Capital Telephone Co. Ltd.	C	George Newton Vice-President	330 University Avenue, 10th Floor, Toronto, Ont. M5G 1R7	Maberly	D	168	168	254,711	15,455	41,265

TELEPHONE SYSTEMS

- 11 -

TELEPHONE SYSTEMS

SUMMARY OF STATISTICAL RETURNS FROM SYSTEMS AS AT DEC. 31, 1973

GROUP	NAME OF SYSTEM	C CS	SECRETARY OR MANAGER	P.O. ADDRESS	EXCHANGES	M CB D	PHONES ON EXCHANGE	TOTAL PHONES	CAPITAL EXPENDED	1973 REVENUE	1973 EXPENSES
1	Dryden Mun. Tel. System	C	W.M. Wake Secretary	Dryden	Dryden	D	3,736	3,736	1,439,564	338,489	271,123
3	Dunsford Tel. Light & Power Co-operative Assoc. Ltd.										
3	Durham Telephones Ltd.	C	E.T. Downs Secretary	63 Brule Gardens, Toronto, Ont. M6S 4J5	Cavan Millbrook	D D	241) 715)	956	342,676	103,090	107,295
2	Gosfield North Mun.Tel. Syst.	C	Mrs.Verna Ash Secretary	Cottam	Cottam	D	1,235	1,235	451,940	106,972	63,614
2	Hay Municipal Tel. System	C	W.C. Horner Secretary- Treasurer	Zurich	Dashwood Grand Bend Zurich	D D D	479) 1,431) 869)	2,779	951,667	251,220	161,672
2	Huron & Kinloss Mun.Tel.Syst.	C	C. Nicholson Manager	Ripley	Dungannon Ripley	D D	658) 1,454)	2,112	933,180	164,760	129,459
3	Hurontario Telephones Ltd.	C	Dr. J.A. Vance Secretary	Box 83 Woodstock	Thedford Port Franks	D D	690) 409)	1,099	467,540	110,164	102,640
1	Keewatin Municipal Tel. Syst.	C	E.L. Holmes Secretary	Keewatin	Keewatin	D	843	843	184,024	57,112	40,201
1	Kenora Mun. Telephone Syst.	C	D.T. McLeod Secretary	Box 110, Kenora	Kenora	D	6,497	6,497	3,109,098	690,224	492,427
3	Lansdowne Rural Tel.Co. Ltd.	C	Robt. Crawford Manager	Lansdowne	Lansdowne	D	1,162	1,162	271,312	108,535	85,191

TELEPHONE SYSTEMS
SUMMARY OF STATISTICAL RETURNS FROM SYSTEMS AS AT DEC. 31, 1973

GROUP	NAME OF SYSTEM	C CS	SECRETARY OR MANAGER	P.O. ADDRESS	EXCHANGES	M CB D	PHONES ON EXCHANGE	TOTAL PHONES	CAPITAL EXPENDED	1973 REVENUE	1973 EXPENSES
2	Maidstone Mun. Tel. System		S O	L D T O	T E L O	N	T A R I	O I	N C O P I	O R A T E	D
3	Maitland Teleservices Ltd.	C	E.R. Monteith Manager	Brussels	Auburn Blyth Brussels	D D D	221) 894) 1,443)	2,558	1,576,117	211,080	259,958
3	Manitoulin Island Tel.Co.Ltd.	C	Ian Garc Manager	Mindemoya	Manitowaning Mindemoya	D D	785) 688)	1,473	1,129,641	128,700	141,382
2	Mornington Mun. Tel. System	C	D.Schlotzhauer Secretary	Milverton	Milverton	D	1,640	1,640	646,735	148,773	104,245
3	Muskoka & Parry Sound Tel. Company Ltd.	CS	H.J. Schmidt Secretary- Treasurer	Baden	Burks Falls* Ersdale Magnetawan Sprucedale	D D D D	152) 516) 317) 198)	1,183	516,657	103,321	137,638
3	Northern Telephone Limited	CS	D.H.J. Lamothe Secretary	New Liskeard	Abitibi Canyon Ansonville Calstock Cochrane* Connaught Earlton- Milberta Elk Lake Emilehart Fauquier Gowganda Haileybury Hearst	D D D D D D D D D D D D D D D	211) 1,847) 97) 1,149) 361) 104) 730) 184) 1,566) 248) 78) 2,161) 2,711)	55,056	26,214,004	8,777,862	5,743,598

TELEPHONE SYSTEMS
SUMMARY OF STATISTICAL RETURNS FROM SYSTEMS AS AT DEC. 31, 1973

GROUP	NAME OF SYSTEM	C CS	SECRETARY OR MANAGER	P.O. ADDRESS	EXCHANGES	M CB D	PHONES ON EXCHANGE	TOTAL PHONES	CAPITAL EXPENDED	1973 REVENUE	1973 EXPENSES
	Northern Telephone Ltd. (Continued)				Kamiskotia Kapuskasing Kirkland Lake Larder Lake Latchford Matachewan Matheson Mattice Moonbeam New Liskeard- Belle Vallee Opasatika Opishong Pamora-Holtyn Smooth Rock Falls South Porcupine Swastika Timmins Val Gagne Virginatown	D D D CB D CB D					

TELEPHONE SYSTEMS
SUMMARY OF STATISTICAL RETURNS FROM SYSTEMS AS AT DEC. 31, 1973

GROUP	NAME OF SYSTEM	C CS	SECRETARY OR MANAGER	P.O. ADDRESS	EXCHANGES	M CB D	PHONES ON EXCHANGE	TOTAL PHONES	CAPITAL EXPENDED	1973 REVENUE	1973 EXPENSES
3	North Renfrew Tel. Co. Ltd.	CS	Mrs. A. Brown Secretary	Beachburg	Beachburg Pembroke* Wesmeath	D D D	449) 259) 259)	967	386,944	87,429	83,748
3	Oakwood Tel. Company Limited	C	Miss E. Gorrill Secretary- Treasurer	Oakwood	Oakwood	CBM	350	350	19,150	25,126	24,030
2	Otonabee Mun. Tel. System	C	J. David Coit Secretary- Treasurer	Keene	Keene	D	854	854	244,526	71,252	54,100
3	People's Telephone Co. of Forest Ltd.	C	R.K. Sutherland Secretary- Treasurer	Forest	Aberarder Arkona Forest	D D D	491) 508) 1,961)	2,960	867,476	299,640	253,918
3	Roxborough Tel. Co. Limited	C	J.W. Beach Manager	P.O. Box 728 Cornwall	Moose Creek	D	362	362	101,836	31,208	31,340
3	South Bruce Rural Tel. Co. Ltd.	C	A.H. McTavish Secretary- Treasurer	Teeswater	Mildmay Teeswater	D D	941) 867)	1,808	602,847	157,556	124,306
3	Taylor Telephone Company Ltd.	C	Ian Gare Manager	Lion's Head	Dyer's Bay Lion's Head Stoke's Bay Tobermory	D CR D D	90) 664) 80) 320)	1,154	345,272	138,310	122,928
3	Telontario Incorporated	C	W.J. Read Manager	R.R. #3, Essex	Emeryville Pleasant Park	D D	1,943) 536)	2,479	1,447,621	212,983	419,398

TELEPHONE SYSTEMS

SUMMARY OF STATISTICAL RETURNS FROM SYSTEMS AS AT DEC. 31, 1973

GROUP	NAME OF SYSTEM	C CS	SECRETARY OR MANAGER	P.O. ADDRESS	EXCHANGES	M CB D	PHONES ON EXCHANGE	TOTAL PHONES	CAPITAL EXPENDED	1973 REVENUE	1973 EXPENSES
1	Thunder Bay Telephone Dept.	C	H.W. McKinnon Manager	241 Vickers Street, Thunder Bay	Court Street Current River Murillo Riverview Shuniah Vickers Rosslyn	D D D D D D D	24,125) 3,227) 509) 9,920) 4,198) 23,200) 684)	65,863	25,770,886	4,705,859	2,309,975
2	Tuckersmith Mun. Tel. System	CS	Mel Graham Secretary- Treasurer	Brucefield	Bayfield Clinton* Hensall* Seaforth*	D D D D	564) 425) 450) 439)	1,878	496,200	129,923	108,711
3	Westport Telephone Co. Ltd.	C	O.S. McNally Secretary- Treasurer	R.R. #2, Westport	Westport	D	791	791	229,298	70,451	38,889
3	Wightman Telephone Limited	C	Mrs.L.Wightman Secretary	Clifford	Ayton Clifford Gorrie Neustadt	D D D D	422) 594) 1,188) 329)	2,533	1,312,981	260,914	210,110

GROUP
NUMBER

NOTES

1. Systems established under "The Telephone Act" by Municipal Corporation and operated as Public Utilities.

2. Systems established under "The Telephone Act" by, and vested in Municipal Corporations in trust for the benefit of the subscribers and operated by the Municipal Council or by a Commission elected by the subscribers.

3. Systems owned by Incorporated Telephone Companies.

NOTES

C - Connecting Company operating own exchange

CS - Connecting Company which also operates Service Station Lines.

M - Magneto Exchange

CB - Common Battery Exchange

CBM - Common Battery and Magneto

D - Dial Exchange

* Indicates Exchange to which Service Station Lines connect.

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1974 annual report



ONTARIO TELEPHONE
SERVICE COMMISSION



The Honourable John R. Rhodes
Minister of Transportation and Communications
3rd Floor, Ferguson Block
Wellesley Street West
Toronto, Ontario

Dear Mr. Rhodes:

We have the honour to present herewith the Annual Report
of the Ontario Telephone Service Commission.

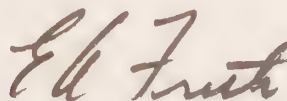
Respectfully submitted,



David M. Duncan, Q.C.
Chairman



J. B. Webster
Vice-Chairman



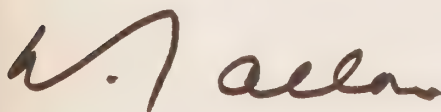
E. A. Frith
Member



J. D. Misner
Member



Margaret Parry
Member



R. P. Tallon
Member



Frank Wall
Member

ONTARIO TELEPHONE SERVICE COMMISSION

INTRODUCTION

The Ontario Telephone Service Commission is responsible for regulating the providers of telephone services under provincial jurisdiction pursuant to The Telephone Act, R. S. O. 1970, Chapter 457.

Since telephone systems operate on an exclusive franchise basis, and are not subject to the natural control of competition in their own area, there is regulatory control over their operations. To revise rates, borrow or issue capital, sell out or merge with another system, or make agreements for interchange of service, the Independent Telephone Systems in Ontario must obtain approval from the Commission.

As of January 1, 1975, there were 40 Independent Telephone Systems operating in Ontario with approximately 230,000 telephones and an estimated total capital expenditure, for plant and equipment of over \$107 million. Telephone service in the Province is provided by these 40 Independents, by Bell Canada with 4.6 million telephones, and by the Ontario Northland Communications System which operates long distance lines in North Eastern Ontario and provides local service to approximately 1,600 customers.

While the number of telephones per 100 population is 54.9 for all of Canada, the Province of Ontario has 59.4 per 100 population and leads all other provinces in this regard.

In December 1974, the Commission moved into a new location at 3625 Dufferin Street, Downsview. This new accommodation includes a hearing room.

ADMINISTRATION

The Commission consisted of four members appointed by Order-in-Council. Late in 1974, the Government decided to enlarge the Commission to seven members and give it broad regional representation. The Commission has a permanent staff of four, the Executive Secretary, Assistant Executive Secretary, Research Officer and stenographer. Staff support, including engineering, accounting, legal and technical assistance, is provided by the Communications Division of the Ministry of Transportation and Communications on request of the Commission.

HEARINGS

The Commission holds regular business meetings in Toronto once a month, or more frequently when required, and panels are formed, when necessary, to hear applications made

under the provisions of The Telephone Act. Hearings are held in other locations in cases where the public can be better served by holding a local hearing.

The Commission held one major rate hearing in 1974. The hearing was the result of an application from the Community Telephone Company of Ontario Limited for increased rates which, if granted, would have generated additional revenues of approximately \$407,000. After three days of hearings into the financial status of the Company in Toronto, and evening hearings into service complaints at Hillsburgh and Kingston, the Commission found that the Applicant required additional revenues of \$159,000 and approved of a new rate schedule which would generate such a requirement. The reward to Community Telephone was based on a rate of return formula and was the first time the Commission used this method to determine a telephone system's rate requirement. It is the Commission's intention to evaluate future telephone rate applications by employing the rate of return method of regulation.

ORGANIZATION OF SYSTEMS

The Independent Telephone Systems in Ontario may be divided into three classes according to type of ownership. The 40 systems operating at the end of 1974 are organized as

follows:

	Systems		Telephones	
	No.	%	No.	%
Systems operated as Public Utilities by Municipal Corporations.....	5	12.5	83,150	36.3
Municipal Systems.....	11	27.5	25,680	11.3
Systems owned by Incorporated Telephone Companies.....	24	60.0	119,980	52.4
	40	100.0	228,810	100.4

MODERNIZATION OF SYSTEMS

Lack of revenue during the 1930's depression and the difficulty in obtaining maintenance supplies and new equipment during the war years resulted in many run-down, obsolete independent telephone systems. When the Ontario Telephone Authority (predecessor to the Commission) was established in 1954, there were 465 Independent Systems in Ontario operating a total of some 176,000 telephones. Most of these were very small organizations with less than 300 telephones. The few dial exchanges operated by Independents were mostly in urban areas. The Commission encouraged and assisted those systems wishing to convert to modern dial operation and tried to persuade smaller systems to amalgamate with neighbouring systems in order to form units large enough to make dial conversion economically feasible.

Many systems decided to sell rather than raise the large amounts of capital necessary to finance a modernization program. Many sold out to Bell Canada and to larger, neighbouring Independents. As a result, the number of independent systems has steadily decreased. However, the systems which modernized have steadily expanded so that the total number of telephones operated by these remaining systems has stayed substantially the same through the years and is now greater than the number operated by the 465 systems in 1954. Furthermore, although these systems operate slightly less than 5 per cent of the total telephones in Ontario, they are located in predominantly rural areas and, therefore, occupy a much wider service area than the telephone count would suggest, particularly in Northern Ontario.

	<u>No. of Systems</u>	<u>No. of Telephones</u>
1954	465	176,593
1960	306	179,918
1965	129	178,508
1970	66	183,858
1975	40	229,000

Of the remaining 40 systems, most have modernized their plant or have completed plans to do so. Of the telephones operated by independent systems at January 1, 1975, a total of 227,000 or 99% are dial.

At present growth rates, it is predicted that the number of telephones under provincial jurisdiction will exceed 240,000 by the end of 1975, with more than 99 per cent operated on a modern dial basis. The Commission's modernizing program is now nearing completion and the engineering staff of the Communications Division of the Ministry is becoming more concerned with assistance in designing additional plant and the further modernization of the remaining independent systems in order to keep up with technological advances in the telephone field, and the demand for new types of telecommunications services.

SIZE OF SYSTEMS

The following table indicates the size of systems operating in Ontario as of January 1, 1975:

<u>No. of Telephones</u>	<u>No. of Systems</u>	<u>%</u>
101 - 500	4	10.0
501 - 1,000	6	15.0
1,001 - 2,000	13	32.5
2,001 - 3,000	8	20.0
3,001 - 4,000	3	7.5
4,001 - 5,000	0	0.0
5,001 - 10,000	3	7.5
over 10,000	3	7.5
	<hr/> 40	<hr/> 100.0

ORDERS OF THE COMMISSION, 1974

During the year ending December 31, 1974, a total of 130 Orders were issued by the Commission for the under-mentioned purposes and under the following sections of The Telephone Act.

<u>Section</u>	<u>No. of Orders</u>
10 Amendments to previous orders.....	3
60 Approval of release of a subscriber of a Municipal System.....	3
71 Approval of By-Laws of a Municipal System...	1
73 Prescribing date of Annual Meeting of Subscribers.....	2
88 Approval of Special Resolution and Company By-Laws.....	10
89 Proper service to be given.....	1
96 Approval of agreements for interchange of service and amendments thereto.....	65
99 Approval to enter into an agreement with another telecommunications system.....	1
105 Approval of local telephone rates.....	36
108 Authority to expend reserve funds.....	1
109 Authority to issue evidence of indebtedness.	7
	<hr/>
	130

The following pages of this report contain a list of the names of the independent systems in Ontario which report to this Commission, together with brief information concerning them.

TELEPHONE SYSTEMS SUMMARY OF STATISTICAL RETURNS FROM SYSTEMS AS AT DECEMBER 31, 1974											
GROUP	NAME OF SYSTEM	C CS	SECRETARY OR MANAGER	P. O. ADDRESS	EXCHANGES	M CB D	PHONES ON EXCHANGE	TOTAL PHONES	CAPITAL EXPENDED	1974 REVENUE	1974 EXPENSES
3	Abitibi Paper Company Ltd.	C	J. C. Jordan Mill Manager	Iroquois Falls	Iroquois Falls	D	1,017	1,017	NOT APPLICABLE		
3	Aylmer & Malahide Tel. Co. Ltd., The	C	Howard Palmer Managing- Director	Aylmer	Aylmer Port Burwell Straffordville	D D D	5,453) 718) 1,121)	7,292	2,563,386	738,687	553,132
3	Balderson Tel. Co. Ltd.	C	Mrs. Barbara Milotte, Secretary- Treasurer	R. R. # 7, Perth	Balderson	M	277	277	25,802	21,273	19,712
2	Blanshard Mun. Tel. System	C	Mrs. H. Hardeman	Kirkton N0K 1K0	Granton Kirkton Uniondale Sebringville	D D D D	652) 1,169) 443) 1,232)	3,496	1,372,262	403,492	273,947
2	Brooke Municipal Tel. System	CS	Wilfred Chapman Manager	Inwood	Alvinston* Inwood Watford*	D D D	321) 561) 557)	1,439	363,046	100,532	104,841
2	Bruce Municipal Tel. System	C	J. T. Scurfield Manager	P. O. Box 580 Kincardine N0G 2G0	Kincardine Paisley Port Elgin Tiverton	D D D D	2,843) 911) 2,632) 988)	7,374	3,076,418	844,492	552,301
3	Cambray Telephone Co. Ltd.	C	Mrs. Beverley Bailey Secretary	Cambray	Cambray	CB	530	530	34,721	37,014	36,673
3	Capital Telephone Company Ltd., The	C	C. B. Baker Vice-President & Gen. Manager	160 Elgin St. 8th Floor Ottawa	Maberly	D	165	165	257,807	17,639	38,208
3	Caradoc Ekfrid Telephone Co. Ltd., The	C	Harold Ross Manager	Box 29 Mount Brydges N0L 1W0	Melbourne Mount Brydges	D D	942) 1,472)	2,414	1,707,387	224,830	298,977

SUMMARY OF STATISTICAL RETURNS FROM SYSTEMS AS AT DECEMBER 31, 1974

[illegible]

TELEPHONE SYSTEMS

SUMMARY OF STATISTICAL RETURNS FROM SYSTEMS AS AT DECEMBER 31, 1974

GROUP	NAME OF SYSTEM	C CS	SECRETARY OR MANAGER	P.O. ADDRESS	EXCHANGES	M CB D	PHONES ON EXCHANGE	TOTAL PHONES	CAPITAL EXPENDED	1974 REVENUE	1974 EXPENSES
2	Gosfield North Mun. Tel. System	C	Mrs. Verna Ash Secretary	Box 130 Cottam	Cottam	D	1,285	1,285	475,998	117,044	67,321
2	Hay Municipal Tel. System	C	W. C. Horner Secretary- Treasurer	Zurich	Dashwood Grand Bend Zurich	D D D	504) 1,519) 904)	2,927	1,432,687	298,888	208,113
2	Huron & Kinloss Mun. Tel. System	C	C. C. Nicholson Manager	Ripley N0G 2R0	Dungannon Ripley	D D	743) 1,601)	2,344	989,703	185,181	151,250
3	Hurontario Telephones Ltd.	C	Dr. J. A. Vance Secretary	Box 83 Woodstock	Thedford Port Franks	D D	745) 476)	1,221	486,371	129,157	113,387
1	Keewatin Municipal Tel. System	C	E. L. Holmes Secretary	P. O. Box 139 Keewatin	Keewatin	D	849	849	187,709	57,363	56,080
1	Kenora Mun. Tel. System	C	D. T. McLeod Secretary	Box 110 Kenora	Kenora	D	6,657	6,657	3,459,745	838,254	564,718
3	Lansdowne Rural Tel. Co. Ltd., The	C	Robt. Crawford Manager	Lansdowne K0E 1L0	Lansdowne	D	1,247	1,247	292,608	121,042	86,021
3	Maitland Teleservices Ltd.	C	Harold Ross Manager	Box 260 Brussels N0G 1H0	Auburn Blyth Brussels	D D D	223) 906) 1,418)	2,547	1,610,094	236,102	270,738
3	Manitoulin Island Tel. Co., Ltd.	C	Ian Gare Manager	Mindemoya	Manitowaning Mindemoya	D D	786) 822)	1,608	1,234,088	167,045	211,782
2	Mornington Mun. Tel. System	C	D. Schlotzhauer Secretary	Milverton N0K 1M0	Milverton	D	1,711	1,711	695,063	168,740	130,321

TELEPHONE SYSTEMS

SUMMARY OF STATISTICAL RETURNS FROM SYSTEMS AS AT DECEMBER 31, 1974

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TELEPHONE SYSTEMS
SUMMARY OF STATISTICAL RETURNS FROM SYSTEMS AS AT DECEMBER 31, 1974

GROUP	NAME OF SYSTEM	C CS	SECRETARY OR MANAGER	P.O. ADDRESS	EXCHANGES	M CB D	PHONES ON EXCHANGE	TOTAL PHONES	CAPITAL EXPENDED	1974 REVENUE	1974 EXPENSES
	Northern Telephone Limited (continued)				Opasatika Opishung Ramore- Holttyre Smooth Rock Falls South Porcupine Swastika Timmins Val Gagne Virginiatown	D D D D D D D D D D D	152) 4) 400) 1,112) 3,418) 859) 17,775) 339) 561)				
3	Oakwood Telephone Co. Ltd.	C	Miss E. Gorrill Secretary- Treasurer	Oakwood KOM 2M0		CBM	359	359	19,150	28,822	24,406
2	Otonabee Municipal Tel. System	C	J. David Coit Secretary- Treasurer	Keene	Keene	D	854	854	247,324	79,174	66,314
3	People's Telephone Co. of Forest Ltd., The	C	R. K. Sutherland Secretary- Treasurer	P. O. Box 700 Forest NON 1J0	Aberarder Arkona Forest	D D D	551) 529) 2,130)	3,210	942,007	355,141	272,769
3	Roxborough Telephone Co. Ltd.	C	J. W. Beach Manager	P. O. Box 179 Moose Creek K0C 1W0	Moose Creek	D	378	378	107,620	37,888	34,215
3	South Bruce Rural Telephone Co. Ltd.	C	A. H. McFavish Secretary- Treasurer	Teeswater	Mildmay Teeswater	D D	1,008) 915)	1,923	662,868	172,477	129,852

SUMMARY OF STATISTICAL RETURNS FROM SYSTEMS AS AT DECEMBER 31, 1974

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GROUP	NAME OF SYSTEM	C CS	SECRETARY OR MANAGER	P.O. ADDRESS	EXCHANGES	M CB D	PHONES ON EXCHANGE	TOTAL PHONES	CAPITAL EXPENDED	1974 REVENUE	1974 EXPENSES
3	Taylor Telephone Co. Ltd.	C	Ian Gare Manager	Lion's Head	Dyer's Bay Lion's Head Stoke's Bay Tobermory	D CB D D	96) 690) 81) 347)	1,214	372,186	161,412	151,212
3	Telontario Incorporated	C	W. J. Read Manager	R. R. # 3 Essex	Emeryville Pleasant Park	D D	1,949) 568)	2,517	2,189,233	263,732	322,028
1	Thunder Bay Telephone Dept.	C	H. W. McKinnon	241 S. Vickers Street Thunder Bay P7E 1J5	Court Street Current River Murillo Riverview Shuniah Vickers Rosslyn	D D D D D D D	24,097) 3,303) 557) 10,967) 5,766) 24,091) 805)	69,586	31,111,096	5,496,527	2,441,154
2	Tuckersmith Mun. Tel. System	CS	Mel Graham Secretary- Treasurer	Brucefield	Bayfield Clinton* Hensall* Seaforth*	D D D D	617) 444) 461) 480)	2,002	496,200	156,611	142,800
3	Westport Telephone Co. Ltd., The	C	O. S. McNally Secretary- Treasurer	R. R. # 2 Westport	Westport	D	813	813	268,444	82,185	49,272
3	Wightman Telephone Ltd.	C	Mrs. L. Wightman Secretary	Clifford	Ayton Clifford Gorrie Neustadt	D D D D	452) 662) 1,265) 360)	2,739	1,482,930	281,538	232,195

GROUP NUMBER

NOTES

NOTES

1. Systems established under "The Telephone Act" by Municipal Corporation and operated as Public Utilities.

C Connecting Company
operating own exchange

M Magneto Exchange
CB Common Battery

2. Systems established under "The Telephone Act" by, and vested in Municipal Corporations in trust for the benefit of the subscribers and operated by the Municipal Council or by a Commission elected by the subscribers.

CS Connecting Company
which also operates
Service Station Lines

CBM Common Battery
and Magneto

* Indicates Exchange to
which Service Station
Lines connect

D Dial Exchange

3. Systems owned by Incorporated Telephone Companies.

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1975 annual report



ONTARIO TELEPHONE
SERVICE COMMISSION



Ministry of
Transportation and
Communications

416/965-2101

Ferguson Block
Queen's Park
Toronto Ontario

October 8, 1976

The Hon. Pauline M. McGibbon, OC, BA, LLD
Lieutenant Governor of Ontario
Legislative Building
Queen's Park

MAY IT PLEASE YOUR HONOUR

I beg leave to present the 1975 Annual Report of
the Ontario Telephone Service Commission for the
year ending December 31, 1975.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Jim Snow", written over the typed name and title.

James W. Snow
Minister



Ontario
Telephone Service
Commission

416/248-3831

Suite 200
3625 Dufferin St.
Downsview Ontario
M3K 1Z2

October 1, 1976

The Honorable James W. Snow
Minister of Transportation and Communications
3rd Floor, Ferguson Block
Wellesley Street West
Toronto, Ontario

Dear Mr. Snow:

We have the honour to present herewith the
Annual Report of the Ontario Telephone Service
Commission for the year ending December 31,
1975.

Respectfully submitted,

David M. Duncan, Q.C.
Chairman

J. B. Webster
Vice-Chairman

E. A. Frith
Member

J. D. Misner
Member

Margaret E. Parry
Member

R. P. Tallon
Member

Frank Wall
Member

1975 ANNUAL REPORT

INTRODUCTION

The Ontario Telephone Service Commission is responsible for regulating the providers of telephone service under Provincial jurisdiction pursuant to The Telephone Act, R. S. O. 1970, Chapter 457.

Since telephone systems operate on an exclusive franchise basis, and are not subject to the natural control of competition in their own area, there is regulatory control over their operations. To revise rates, borrow or issue capital, sell out or merge with another system, or make agreements for interchange of service, the Independent telephone systems in Ontario must obtain approval from the Commission.

As of January 1, 1976, there were 40 Independent telephone systems operating in Ontario with approximately 245,000 telephones and an estimated gross capital investment expenditure for plant and equipment of over \$118 million. Telephone service in the Province is provided by these 40 Independents, by Bell Canada with over 4.8 million telephones, and by the Ontario Northland Communications System which operates long distance lines in Northeastern Ontario and provides local service over some 1,750 telephones.

While the number of telephones per 100 population is 57.1 for all of Canada, the Province of Ontario has 61.4 per 100 population, second only to Alberta with 61.9 per 100 population.

The Independent telephone systems in Ontario may be divided into three classes according to type of ownership. The 40 systems operating at the end of 1975 are organized as follows:

	Systems		Telephones	
	No.	%	No.	%
Systems operated as Public Utilities by Municipal Corporations.....	5	12.5	89,580	36.6
Municipal Systems.....	11	27.5	27,625	11.3
Systems owned by Incorporated Telephone Companies.....	24	60.0	127,495	52.1
TOTAL	40	100.0	244,700	100.0

Lack of revenue during the 1930's depression and the difficulty in obtaining maintenance supplies and new equipment during the war years resulted in many run-down, obsolete Independent telephone systems. When the Ontario Telephone Authority (predecessor to the Commission) was established in 1954, there were 465 Independent systems in Ontario operating a total of some 176,000 telephones. Most of these were very small organizations with less than 300 telephones. The few dial exchanges operated by Independents were mostly in urban areas. The Commission encouraged and assisted those systems wishing to convert to modern dial operation and tried to persuade smaller systems to amalgamate with neighbouring systems in order to form units large enough to make dial conversion economically feasible.

Many systems decided to sell rather than raise the large amounts of capital necessary to finance a modernization program. Many sold out to Bell Canada and to larger, neighbouring Independents. As a result, the number of Independent systems has steadily decreased. However, the systems which modernized have continued to expand with the result that the total number of telephones operated by these remaining systems has stayed substantially the same through the years and is now greater than the number operated by the 465 systems in 1954. Furthermore, although these

systems operate slightly less than five percent of the total telephones in Ontario, they are located in predominantly rural area and, therefore, occupy a much wider service area than the telephone count would suggest, particularly in Northern Ontario.

	<u>No. of Systems</u>	<u>No. of Telephones</u>
1954	465	176,593
1960	306	179,918
1965	129	178,508
1970	66	183,858
1975	40	229,000
1976	40	244,700

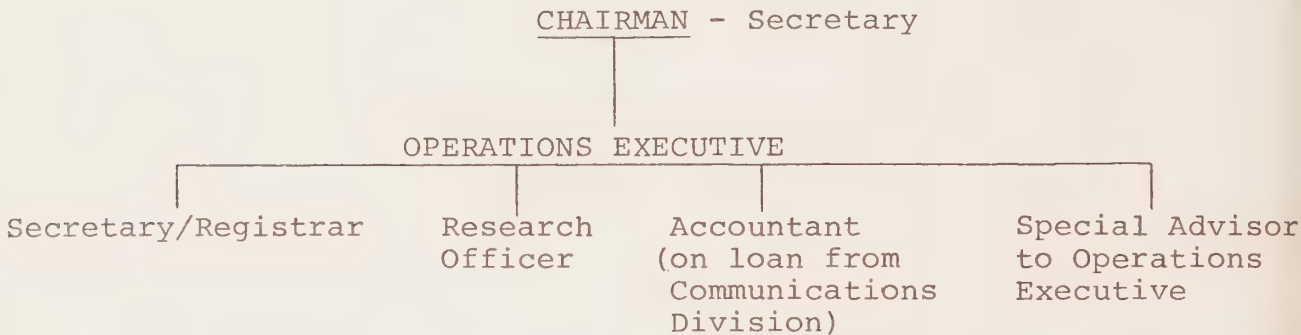
The following table indicates the size of systems operating in Ontario as of January 1, 1976:

<u>No. of Telephones</u>	<u>No. of Systems</u>	<u>%</u>
101 - 500	4	10.0
501 - 1,000	5	12.5
1,001 - 2,000	13	32.5
2,001 - 3,000	8	20.0
3,001 - 4,000	3	7.5
4,001 - 5,000	1	2.5
5,001 - 10,000	3	7.5
over 10,000	3	7.5
	<hr/>	<hr/>
	40	100.0

ADMINISTRATION

The Commission is administered by seven Members including a Chairman and Vice-Chairman appointed by Order-in-Council providing it with broad regional representation.

The following constitutes the permanent staff of the Commission:



Staff support, including engineering, accounting, legal and technical assistance, is provided by the Communications Division of the Ministry of Transportation and Communications on request by the Commission.

ACTIVITIES - 1975

Inflationary pressures were of particular concern in 1975 to all telephone companies in Ontario. Increases in the costs of materials, labour and money resulted in increased Commission activities as a greater number of companies applied for general rate increases.

The Commission held 23 days of regular business meetings during the year. Panels were formed, when necessary, to hear rate

applications made under the provisions of The Telephone Act. Eighteen days of public hearings were conducted in the Commission offices on five rate applications. Eleven public hearings were held in other locations, more convenient to telephone users, in order to receive submissions concerning the quality of service rendered by applicants for rate increases.

In order to effect economies in the conduct of hearings, the Commission staff taped and transcribed proceedings in lieu of using court stenographers.

1975 was the first full year of operations of the Commission during which rate applications were dealt with on a rate base/rate of return basis. The systems under the jurisdiction of The Telephone Act worked hard to produce necessary information to produce meaningful results.

A few of the common stock company systems under the Commission's jurisdiction have other interests than supplying solely telephone services in Ontario. This means that audited financial statements of these companies are on a consolidated basis. As such, difficulties are present in attempting to create financial statements reflecting their telephone operations. This was particularly so in the case of Northern Telephone Limited, being the only such company to come before the Commission with respect to a rate application in 1975. This difficulty contributed to regulatory lag.

During 1975, the Balderson Telephone Company Limited was offered for sale and Bell Canada acquired the rights to serve the territory on a dial basis by January 1, 1977, from its Perth exchange. Of the two remaining small manual companies, one has been sold, since January 1976, with plans for dial service by mid 1978. One multi-exchange company still operates a manual exchange

leaving, therefore, two exchanges to be converted to dial with just over 1,300 telephones.

Studies were conducted on the following subjects during the year:

Construction charges - because of the belief that construction charges levied by the Independent systems were considerably lower than the cost of same, a study was commenced late in 1975 with respect to this matter. It will be continuing into 1976.

Late payment charges - because of a lack of uniformity among the Independents, a study was commenced late in 1975 to ascertain if late payment charges should be approved and whether the amount of the charge should be uniform or not.

Free telephone service - a survey was commenced in 1975 to determine what free telephone services were being given; did they have appropriate approval and what should be the policy of the Commission in this regard.

Directory assistance charges - because the Federal regulatory body permitted Bell Canada to charge a tariff for directory service, the Commission commenced an investigation into the feasibility of permitting directory assistance charges for Independents.

During the year, the OTSC participated at the annual meetings of the National Association of Regulatory Utility Commissioners (NARUC), Canadian Independent Telephone Association (CITA), Ontario Telephone Association (OTA) and the Organization for the Protection and Advancement of Small Telephone Companies (OPASTCO). The Commission also attended a session of the Bell Canada Communications Seminar. The Chairman met with the Kenora City Council to discuss their new contract with Bell Canada.

As its contribution to the observance of the 100th Anniversary of the invention of the telephone by Alexander Graham Bell, the Government arranged for Thomas Grindlay, Executive Secretary of the Ontario Telephone Service Commission, to compile a history of the Independent telephone industry and of the more than 1,000 individual systems which provided telephone service in Ontario at one time or another.

The "History" consists mainly of a group of files in the offices of the Commission which contain all the detailed information it was possible to collect and these files are available to students and researchers. A supplement booklet, entitled "A History of the Independent Telephone Industry in Ontario", was also prepared to give a general picture of the industry and brief stories of some 50 of the Independent companies. Copies may be obtained from the Ontario Government Bookstore, 880 Bay Street, Toronto, Ontario, M5S 1Z8.

ORDERS OF THE COMMISSION, 1975

During the year ending December 31, 1975, a total of 105 Orders were issued by the Commission for the undermentioned purposes and the following sections of The Telephone Act.

<u>Section</u>	<u>No. of Orders</u>
6 Interim rate increase.....	6
10 Amendments to previous Orders.....	2
47 Disposition of surplus following sale of a system.	1
60 Approval of release of a subscriber of a Municipal System.....	2
71 Approval of By-laws of a Municipal System.....	2

<u>Section</u>	<u>No. of Orders</u>
73 Prescribing date of Annual Meeting of subscribers.	2
88 Approval of Special Resolution and Company By-laws	1
96 Approval of agreements for interchange of service and amendments thereto.....	25
99 Approval or denial to enter into an agreement with another telecommunications system.....	5
100 Approval of By-law between Municipality and Company.....	5
103 Sale of whole or part of a telephone system.....	2
105 Approval or denial of local telephone rates.....	48
106 Denial of free service.....	1
109 Authority to issue evidence of indebtedness.....	3
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The following pages of this report contain a list of the names of the Independent systems in Ontario which report to this Commission, together with brief information concerning them.

TELEPHONE SYSTEMS
SUMMARY OF STATISTICAL RETURNS FROM SYSTEMS AS AT DECEMBER 31, 1975

GROUP	NAME OF SYSTEM	SECRETARY OR MANAGER	P.O. ADDRESS	EXCHANGES	PHONES ON EXCHANGE	TOTAL COMPANY PHONES
3	Abitibi Paper Company Limited	J. C. Jordan Mill Manager	Iroquois Falls P0K 1E0	Iroquois Falls	1,014	1,014
3	Aylmer & Malahide Telephone Company Limited, The	Howard Palmer Managing-Director	18 Sydenham St. E. Aylmer N5H 1L2	Aylmer Port Burwell Straffordville	5,493) 722) 1,123)	7,338
2	Balderson Telephone Company Limited	Mrs. C. Reynolds Secretary-Treasurer	P. O. Box 68 Perth K7H 3E2	Balderson (M)	282	282
2	Blanshard Municipal Telephone System	Mrs. H. Hardeman Secretary-Treasurer	Kirkton N0K 1K0	Granton Kirkton Uniondale Sebringville	673) 1,247) 451) 1,303)	3,674
2	Brooke Municipal Telephone System	Wilfred Chapman Manager	P. O. Box 40 Inwood N0N 1K0	Alvinston* Inwood Watford*	332) 568) 587)	1,487
2	Bruce Municipal Telephone System	J. T. Scurfield Manager	P. O. Box 580 Kincardine N0G 2G0	Kincardine Paisley Port Elgin Tiverton	3,245) 936) 3,142) 1,138)	8,461
3	Cambray Telephone Company Limited	Mrs. B. Bailey Secretary-Treasurer	Cambray K0M 1E0	Cambray	570	570
3	Capital Telephone Company Limited, The	B. A. Tickle Vice-President & General Manager	160 Elgin St., F8 Ottawa K2P 2C4	Maberly	172	172

TELEPHONE SYSTEMS
SUMMARY OF STATISTICAL RETURNS FROM SYSTEMS AS AT DECEMBER 31, 1975

GROUP	NAME OF SYSTEM	SECRETARY OR MANAGER	P.O. ADDRESS	EXCHANGES	PHONES ON EXCHANGE	TOTAL COMPANY PHONES
3	Caradoc Ekfrid Telephone Company Limited, The	R. W. Hunt Secretary-Treasurer	330 University Ave. F6 Toronto M5G 1R7	Melbourne Mount Brydges	998) 1,557)	2,555
1	Cochrane Municipal Telephone System	M. Hannan Secretary-Treasurer	P. O. Box 640 Cochrane P0L 1C0	Cochrane	2,762	2,762
2	Coldwater Municipal Telephone System	Mrs. M. Lumree Secretary-Treasurer	P. O. Box 202 Coldwater L0K 1E0	Coldwater	771	771
3	Community Telephone Company of Ontario, Limited	R. M. Brown President	107 Broad St. E. Dunnville N1A 2X3	Adolphustown Bath Caledonia Drayton Dunnville Elgin Erin Hillsburgh Inverary Kerwood Nairn Newburgh Odessa Orono Portland Seeley's Bay Selby Strathroy* Sunderland Tamworth Yarker	469) 1,404) 3,457) 1,546) 6,275) 867) 1,687) 1,180) 1,317) 620) 536) 672) 1,141) 1,877) 918) 821) 499) 351) 1,486) 535) 345)	28,003
1	Dryden Municipal Telephone System	W. M. Wake	30 Van Horne Ave. Dryden P8N 2A7	Dryden	4,256	4,256

TELEPHONE SYSTEMS
SUMMARY OF STATISTICAL RETURNS FROM SYSTEMS AS AT DECEMBER 31, 1975

GROUP	NAME OF SYSTEM	SECRETARY OR MANAGER	P.O. ADDRESS	EXCHANGES	PHONES ON EXCHANGE	TOTAL COMPANY PHONES
3	Durham Telephones Limited	E. T. Downs General Manager	63 Brule Gardens Toronto M6S 4J5	Cavan Millbrook	306) 785)	1,091
2	Gosfield North Municipal Telephone System	Mrs. V. Ash Secretary	P. O. Box 130 Cottam N0R 1B0	Cottam	1,229	1,229
2	Hay Municipal Telephone System	W. C. Horner Secretary-Treasurer	P. O. Box 99 Zurich N0M 2T0	Dashwood Grand Bend Zurich	524) 1,699) 980)	3,203
2	Huron & Kinloss Municipal Telephone System	C. Nicholson Manager	P. O. Box 39 Ripley N0G 2R0	Dungannon Ripley	805) 1,747)	2,552
1	Hurontario Telephones Limited	K. V. Stevens Secretary-Treasurer	P. O. Box 1011 Woodstock N4S 8A4	Thedford Port Franks	650) 693)	1,343
1	Keewatin Municipal Telephone System	P. Sherrard Clerk-Treasurer	P. O. Box 139 Keewatin P0X 1C0	Keewatin	889	889
1	Kenora Municipal Telephone System	D. T. McLeod Secretary	P. O. Box 110 Kenora P9N 1Y0	Kenora	6,936	6,936
3	Lansdowne Rural Telephone Company Limited, The	R. Crawford General Manager	Lansdowne K0E 1L0	Lansdowne	1,379	1,379

TELEPHONE SYSTEMS
SUMMARY OF STATISTICAL RETURNS FROM SYSTEMS AS AT DECEMBER 31, 1975

GROUP	NAME OF SYSTEM	SECRETARY OR MANAGER	P.O. ADDRESS	EXCHANGES	PHONES ON EXCHANGE	TOTAL COMPANY PHONES
3	Maitland Teleservices Limited	R. W. Hunt Secretary-Treasurer	330 University Ave. F6 Toronto M5G 1R7	Auburn Blyth Brussels	235) 959) 1,485)	2,679
3	Manitoulin Island Telephone Company Limited	H. B. Bruce Manager	P. O. Box 127 Mindemoya P0P 1S0	Manitowaning Mindemoya	860) 874)	1,734
2	Mornington Municipal Telephone System	D. Schlotzhauer Secretary	15 Fulton St. Milverton N0K 1M0	Milverton	1,756	1,756
3	Muskoka & Parry Sound Telephone Company Limited	H. J. Schmidt Secretary-Treasurer	P. O. Box 130 Baden N0B 1G0	Burk's Falls* Emsdale Magnetawan Sprucedale	152) 564) 364) 200)	1,280
3	North Frontenac Telephone Company Limited	H. J. Schmidt Secretary-Treasurer	P. O. Box 130 Baden N0B 1G0	Parham Sharbot Lake	365) 643)	1,008
2	North Norwich Municipal Telephone System	Mrs. Peggy Clark Secretary-Treasurer	P. O. Box 33 Burgessville N0J 1C0	Burgessville Norwich* Woodstock*	914) 315) 200)	1,429
3	North Renfrew Telephone Company Limited	W. Vandekemp Secretary	P. O. Box 70 Beachburg K0J 1C0	Beachburg Pembroke* Westmeath	555) 270) 318)	1,143

TELEPHONE SYSTEMS
SUMMARY OF STATISTICAL RETURNS FROM SYSTEMS AS AT DECEMBER 31, 1975

GROUP	NAME OF SYSTEM	SECRETARY OR MANAGER	P.O. ADDRESS	EXCHANGES	PHONES ON EXCHANGE	TOTAL COMPANY PHONES
3	Northern Telephone Limited	D. H. J. Lamothe Secretary	P. O. Box H New Liskeard P0J 1P0	Abitibi Canyon Ansonville Calstock Cobalt Cochrane* Connaught Earlton Elk Lake Englehart Fauquier Gowganda Haileybury Hearst Kamiskotia Kapuskasing Kirkland Lake Larder Lake Latchford Matachewan Matheson Mattice Moonbeam New Liskeard Opasatika Opishong Ramore-Holtyre Smooth Rock Falls South Porcupine Swastika Timmins Val Gagne Virginiatown	252) 1,950) 108) 1,199) 427) 111) 880) 217) 1,700) 260) 85) 2,327) 3,294) 43) 7,253) 7,457) 517) 158) 241) 824) 339) 499) 5,191) 162) 4) 414) 1,124) 4,146) 882) 18,939) 349) 584)	61,936
3	Oakwood Telephone Company Limited	Miss E. Gorrill Secretary-Treasurer	Oakwood KOM 2M0	Oakwood (M)	381	381
2	Otonabee Municipal Telephone System	J. D. Coit Secretary-Treasurer	P. O. Box 3 Keene K0L 2G0	Keene	944	944

TELEPHONE SYSTEMS
SUMMARY OF STATISTICAL RETURNS FROM SYSTEMS AS AT DECEMBER 31, 1975

GROUP	NAME OF SYSTEM	SECRETARY OR MANAGER	P.O. ADDRESS	EXCHANGES	PHONES ON EXCHANGE	TOTAL COMPANY PHONES
3	People's Telephone Company of Forest, Limited, The	R. K. Sutherland Secretary-Treasurer	P. O. Box 700 Forest N0N 1J0	Aberarder Arkona Forest	645) 488) 2,180)	3,313
3	Roxborough Telephone Company Limited	J. W. Beach Manager	P. O. Box 179 Moose Creek K0C 1W0	Moose Creek	428	428
3	South Bruce Rural Telephone Company Limited	A. H. McTavish Secretary-Treasurer	Teeswater N0G 2S0	Mildmay Teeswater	1,078) 984)	2,062
3	Taylor Telephone Company Limited	B. J. Crawford Manager	Lion's Head N0H 1W0	Dyer's Bay Lion's Head (M) Stoke's Bay Tobermory	104) 744) 91) 381)	1,320
3	Telontario Incorporated	R. W. Hunt General Manager	330 University Ave. F6 Toronto M5G 1R7	Emeryville Pleasant Park	2,013) 603)	2,616
1	Thunder Bay Telephone Department	H. W. McKinnon Manager	241 S. Vickers St. Thunder Bay P7E 1J5	Court Street Current River Murillo Riverview Rosslyn Shuniah Vickers Street	25,144) 3,502) 576) 13,312) 895) 6,401) 24,907)	74,737

TELEPHONE SYSTEMS
SUMMARY OF STATISTICAL RETURNS FROM SYSTEMS AS AT DECEMBER 31, 1975

GROUP	NAME OF SYSTEM	SECRETARY OR MANAGER	P.O. ADDRESS	EXCHANGES	PHONES ON EXCHANGE	TOTAL COMPANY PHONES
2	Tuckersmith Municipal Telephone System	M. Graham Secretary-Treasurer	Brucefield NOM 1J0	Bayfield Clinton* Hensall* Seaforth*	652) 464) 487) 516)	2,119
3	Westport Telephone Company Limited, The	O. S. McNally Secretary-Treasurer	R. R. # 2 Westport KOG 1X0	Westport	860	860
3	Wightman Telephone Limited	Mrs. L. Wightman Secretary	Clifford N0G 1M0	Ayton Clifford Gorrie Neustadt	488) 725) 1,341) 402)	2,956

NOTES

GROUP

1--Systems established under The Telephone Act by Municipal Corporation and operated as Public Utilities.

2--Systems established under The Telephone Act by, and vested in Municipal Corporations in trust for the benefit of the subscribers and operated by the Municipal Council or by a Commission elected by the subscribers.

3--Systems owned by Incorporated Telephone Companies.

* Indicates the exchange to which service station lines connect.

(M) Manual exchange.

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Publication

1976 annual report



ONTARIO TELEPHONE
SERVICE COMMISSION



of the
er

Ministry of
Transportation &
Communications

416/965-2101

Ferguson Block
Queen's Park
Toronto Ontario

The Hon. Pauline M. McGibbon, OC, BA, LLD
Lieutenant Governor of Ontario
Legislative Building
Queen's Park

MAY IT PLEASE YOUR HONOUR

I beg leave to present the 1976 Annual Report
of the Ontario Telephone Service Commission for
the year ending December 31, 1976.

Respectfully submitted,

A large, stylized handwritten signature in dark ink, appearing to read "Jim Snow".

James W. Snow
Minister





Ontario
Telephone Service
Commission

416/248-3831

Suite 200
3625 Dufferin St.
Downsview Ontario
M3K 1Z2

December 31, 1976

The Hon. James W. Snow
Minister of Transportation and Communications
3rd Floor, Ferguson Block
Wellesley Street West
Toronto, Ontario

Dear Mr. Snow:

We have the honour to present herewith the
Annual Report of the Ontario Telephone Service
Commission for the year ending December 31,
1976.

Respectfully submitted,

David M. Duncan, Q.C.
Chairman

J. B. Webster
Vice-Chairman

E. A. Frith
Member

J. D. Misner
Member

M. E. Parry
Member

R. P. Tallon
Member

Frank Wall
Member

1976 ANNUAL REPORT

INTRODUCTION

The Ontario Telephone Service Commission is responsible for regulating the providers of telephone service under Provincial jurisdiction pursuant to The Telephone Act, R.S.O. 1970, Chapter 457.

Since telephone systems operate on an exclusive franchise basis, and are not subject to the natural control of competition in their own area, there is regulatory control over their operations. To revise rates, borrow money or issue capital, sell out or merge with another system or make agreements for interchange of service, the Independent telephone systems in Ontario must obtain approval from the Commission.

As of January 1, 1977, there were 30 Independent telephone systems operating in Ontario with approximately 258,000 telephones and an estimated gross capital investment expenditure for plant and equipment of over \$130 million. Telephone service in the Province is provided by these 39 Independents, Bell Canada and by the Ontario Northland Communications System which operates long distance lines in Northeastern Ontario and provides local services over some 1,900 telephones.

While the number of telephones per 100 population is 59.5 for all of Canada at the end of 1976, the Province of Ontario has 63.7 per 100 population, second only to Alberta with 64.6 per 100 population.

The Independent telephone systems in Ontario may be divided into four classes according to type of ownership. The 39 systems operating at the end of 1976 are organized as follows:

	<u>Systems</u>		<u>Telephones</u>	
	No.	%	No.	%
Systems established by Municipal Corporations and operated as:				
Public Utilities	1	2.5	2,920	1.1
Other than Public Utilities	4	10.3	90,600	35.1
Municipal Systems	11	28.2	30,127	11.7
Systems owned by Incorporated Tele- phone Companies	23	59.0	134,514	52.1
TOTAL	39	100.0	258,161	100.0

When the Ontario Telephone Authority (predecessor to the Commission) was established in 1954, there were 465 Independent systems in Ontario operating a total of some 176,000 telephones. Most of these were very small organizations with less than 300 telephones. The few dial exchanges operated by Independents were mostly in urban areas. The Commission encouraged and assisted those systems wishing to convert to modern dial operation and tried to persuade smaller systems to amalgamate with neighbouring systems in order to form units large enough to make dial conversion economically feasible.

The systems which modernized have continued to expand with the result that the total number of telephones operated by these remaining systems exceeds 258,000 as opposed to 176,000 operated by the 465 systems in 1954.

Furthermore, although these systems operate slightly less than five percent of the total telephones in Ontario, they are located in predominantly rural areas and, therefore, occupy a much wider service area than the telephone count would suggest, particularly in Northern Ontario.

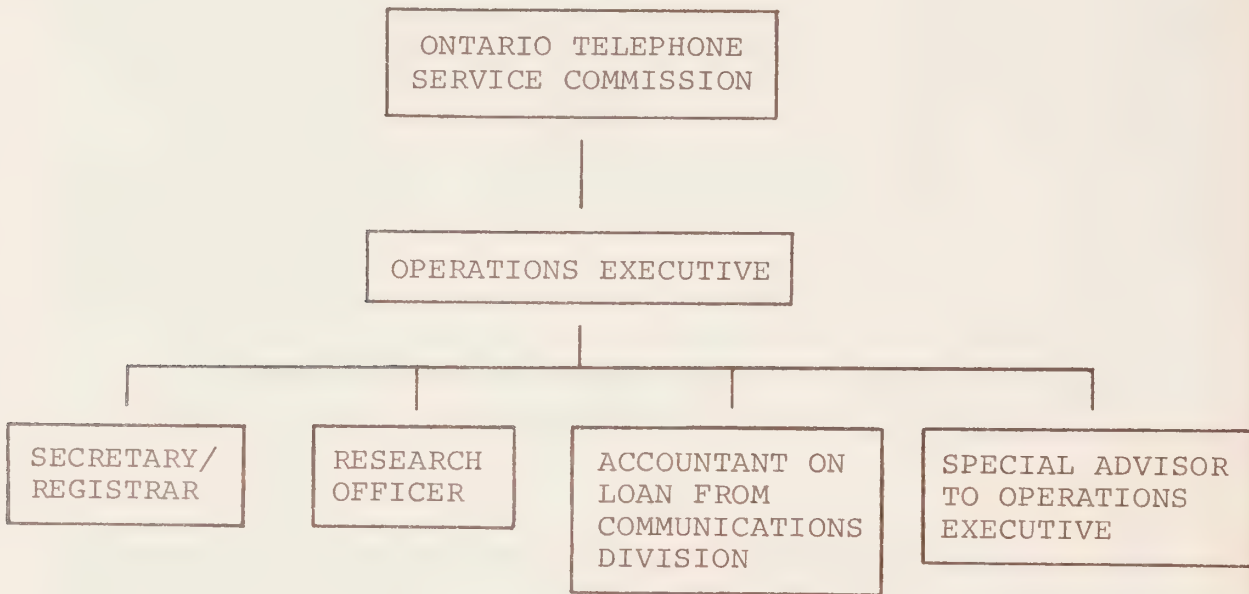
	<u>No. of Systems</u>	<u>No. of Telephones</u>	<u>% Change</u>
1971	42	194,942	3.39
1972	40	205,470	5.40
1973	40	216,007	5.13
1974	40	228,810	5.93
1975	40	244,700	6.94
1976	39	258,161	5.50

The following table indicates the size of systems operating in Ontario as of January 1, 1977:

<u>No. of Telephones</u>	<u>No. of Systems</u>	<u>%</u>
101 - 500	3	7.7
501 - 1,000	4	10.3
1,001 - 2,000	14	35.9
2,001 - 3,000	7	17.9
3,001 - 4,000	4	10.3
4,001 - 5,000	1	2.5
5,001 - 10,000	3	7.7
over 10,000	3	7.7
	<hr/> 39 <hr/>	<hr/> 100.0 <hr/>

A Chairman on a full time basis, a Vice-Chairman, and five Members constitute the Ontario Telephone Service Commission. All are appointed by Order-in- Council and provide it with a broad representation.

The following constitutes the organization of the staff:



Staff support, including engineering and accounting, is provided by the Communications Division of the Ministry of Transportation and Communications on request by the Commission.

ACTIVITIES - 1976

Inflationary pressures continued to be a concern in 1976 to all telephone companies in Ontario. Increases in the costs of material and labour resulted in increased Commission activities through the need for additional revenues.

There were a total of seventeen days of full Commission meetings held during the year which resulted in 126 orders being issued during 1976. One of these meetings was conducted in Belleville following which the Commission and staff members toured the Bell Canada Technical Training School.

A joint meeting with the Ontario Telephone Association was held on July 20, 1976 on the following agenda:

1. Rate application process.
2. Relationships Ontario Telephone Service Commission/Communications Division, Ministry of Transportation and Communications/Independent Companies.
3. Differences in Independent telephone companies' toll compensation between Ontario and Quebec.
4. Contracts or agreements that Independent companies may enter into without Commission approval.
5. Ontario Telephone Association recommendation for financial assistance to Independent companies at low interest rates. (Association referred to Ministry of Transportation and Communications).
6. Relationships Ontario Telephone Association/Ontario Telephone Service Commission concerning Independent companies experiencing financial or technical problems that could result in the collapse of a company.

Panels were formed, when necessary, to hear rate applications made under the provisions of The Telephone Act. Public hearings were conducted in the Commission offices in Toronto and in other locations e.g. New Liskeard, Timmins, Kapuskasing, Millbrook and Thunder Bay, more convenient to telephone users, in order to receive submissions concerning the quality of service rendered by applicants for rate increases.

Bell Canada assumed responsibility for serving the territory of the Balderson Telephone Company Limited in December 1976 and the Company ceased operations at that time. Of the two remaining small manual companies, Oakwood Telephone Company Limited has been sold to Bell Canada with take-over effective upon conversion to dial service by mid-1978. One multi-exchange company still operates a manual exchange leaving, therefore, two exchanges to be converted to dial with just over 1,400 manual telephones.

Studies were initiated during 1976 to develop a regulation in respect to 1) introducing a Uniform System of Accounts for telephone companies under Ontario Telephone Service Commission jurisdiction, 2) Telephone System Depreciation Rates and Methods and, 3) Annual Financial Reports of Ontario telephone systems in respect to telephone operations in Ontario.

The study of late payment charges being applied over the years by many Ontario companies and the differences in billing procedures revealed it was impractical to develop a uniform set of procedures that would apply to all companies. Accordingly, the practices of the twenty-one companies levying a charge will be regulated on an individual basis conforming to the extent possible to a uniform application of the charge.

The Commission, during 1976, initiated a study into the matter of companies that levy deposits from applicants for service and, under certain circumstances, existing customers under Section 105 of The Telephone Act (R.S.O. 1970, Chapter 457). Again, due to differing approaches by the Ontario companies, a uniform policy was not pursued by the Commission. A considerable amount of effort is being devoted to this subject within the overall telephone industry.

The Commission played an active part in the organization of the Telephone Regulators Subcommittee of the Canadian Association of Members of Public Utility Tribunals (CAMPUT) which held its first conference in Toronto on October 26 and 27, 1976. The following topics were discussed during the conference: long distance rate structures, the negotiation process respecting revenue split among telephone systems, pole attachment problems, extended area service, usage sensitive pricing, interconnection of customer owned equipment, rates for minimum service usage, de-regulation of non basic telephone services, test year (future and historic) and minimum level of service and how it is enforced.

The Commission was represented by a Member of the Commission and/or one of its staff at a number of regulatory seminars, conferences and study sessions as well as telephone association meetings in Canada. The Commission is an associate member of the National Association of Regulatory Utility Commissioners (NARUC) and as such, attended meetings of the NARUC Staff Subcommittee on Communications and also the Staff Subcommittee on Toll Separations.

ORDERS OF THE COMMISSION - 1976

During the year ending December 31, 1976, a total of 126 Orders were issued by the Commission for the under-mentioned purposes and the following sections of The Telephone Act:

<u>Section</u>	<u>No. of Orders</u>
6 Interim rate increase	3
10 Amendment to previous order.....	7
47 Disposition of assets following sale of a system.....	1
73 Prescribing date of Annual Meeting of subscribers.....	2
88 Approval of Special Resolution and Company By-laws.....	1
89 Approval of increase upon completion of work program.....	1
90 Ordered improved maintenance records and submission of budget for repairs.....	1
96 Approval of agreements for interchange of service and amendments thereto.....	52
99 Approval to enter into an agreement with another telecommunications system.....	1
100 Approval of By-law between Municipality and Company.....	4
102 Approval of maintenance of cable contract with another telecommunication system	1
103 Sale of whole or part of a telephone system....	2
105 Approval or denial of local telephone rates....	33
106 Approval to temporarily withdraw a service charge.....	7
108 Approval to use Depreciation Reserve Fund to extend plant.....	1
109 Authority to issue evidence of indebtedness ...	8
	<hr/> 126 <hr/>

The following pages of this report contain a list of the names of the Independent Systems in Ontario which report to this Commission, together with brief information concerning them.

TELEPHONE SYSTEMS
SUMMARY OF STATISTICAL RETURNS FOR SYSTEMS AS AT DECEMBER 31, 1976

GROUP	NAME OF SYSTEM	SECRETARY OR MANAGER	P.O. ADDRESS	EXCHANGES	PHONES ON EXCHANGES	TOTAL COMPANY PHONES
4	Abitibi Paper Company Limited	J. C. Jordan Mill Manager	Iroquois Falls P0K 1E0	Iroquois Falls	1,044	1,044
4	Aylmer & Malahide Telephone Company Limited, The	R. B. Barnard General Manager	18 Sydenham St. E. Aylmer N5H 1L2	Aylmer Port Burwell Straffordville	5,670) 765) 1,187)	7,622
3	Blanshard Municipal Telephone System	Mrs. H. Hardeman Secretary-Treasurer	Kirkton N0K 1K0	Granton Kirkton Uniondale Sebringville	710) 1,290) 479) 1,342)	3,821
3	Brooke Municipal Telephone System	Wilfred Chapman Manager	P. O. Box 40 Inwood N0N 1K0	Alvinston* Inwood Watford*	344) 600) 635)	1,579
3	Bruce Municipal Telephone System	J. T. Scurfield Manager	P. O. Box 580 Kincardine N0G 2G0	Kincardine Paisley Port Elgin Tiverton	3,735) 1,017) 3,518) 1,218)	9,488
4	Cambray Telephone Company Limited	Mrs. B. Bailey Secretary-Treasurer	Cambray K0M 1E0	Cambray	600	600
4	Capital Telephone Company Limited, The	H. M. Kunkel Vice-President & General Manager	160 Elgin St., F8 Ottawa K2P 2C4	Maberly	192	192
4	Caradoc Ekfrid Telephone Company Limited, The	G. H. Newton President	330 University Ave. F6 Toronto M5G 1R7	Melbourne Mount Brydges	1,104) 1,653)	2,757
1	Cochrane Municipal Telephone System	M. Hannan Secretary-Treasurer	P. O. Box 640 Cochrane	Cochrane	2,920	2,920

GROUP	NAME OF SYSTEM	SECRETARY OR MANAGER	P.O. ADDRESS	EXCHANGES	PHONES ON EXCHANGES	TOTAL COMPANY PHONES
3	Coldwater Municipal Telephone System	Mrs. M. Lumree Secretary-Treasurer	P. O. Box 202 Coldwater LOK 1E0	Coldwater	835	835
4	Community Telephone Company of Ontario, Limited	R. M. Brown President	107 Broad St. E. Dunnville N1A 2X3	Adolphustown Bath Caledonia Drayton Dunnville Elgin Erin Hillsburgh Inverary Kerwood Nairn Newburgh Odessa Orono Portland Seeley's Bay Selby Strathroy* Sunderland Tamworth Yarker	483) 1,402) 3,721) 1,627) 6,529) 929) 1,829) 1,285) 1,401) 666) 589) 719) 1,192) 1,961) 974) 857) 513) 344) 1,598) 566) 370)	29,547
2	Dryden Municipal Telephone System	W. M. Wake Secretary	30 Van Horne Ave. Dryden P8N 2A7	Dryden	4,449	4,449
4	Durham Telephones Limited	E. T. Downs General Manager	63 Brule Gardens Toronto M6S 4J5	Cavan Millbrook	347) 892)	1,239
3	Gosfield North Municipal Telephone System	Mrs. V. Ash Secretary	P. O. Box 130 Cottam NOR 1B0	Cottam	1,266	1,266

TELEPHONE SYSTEMS
SUMMARY OF STATISTICAL RETURNS FOR SYSTEMS AS AT DECEMBER 31, 1976

GROUP	NAME OF SYSTEM	SECRETARY OR MANAGER	P.O. ADDRESS	EXCHANGES	PHONES ON EXCHANGES	TOTAL COMPANY PHONES
3	Hay Municipal Telephone System	W. C. Horner Secretary-Treasurer	P. O. Box 99 Zurich NOM 2T0	Dashwood Grand Bend Zurich	555) 1,878) 1,070)	3,503
3	Huron & Kinloss Municipal Telephone System	C. Nicholson Manager	P. O. Box 39 Ripley N0G 2R0	Dungannon Ripley	872) 1,881)	2,753
4	Hurontario Telephones Limited	K. V. Stevens Secretary-Treasurer	P. O. Box 1011 Woodstock N4S 8A4	Thedford Port Franks	670) 774)	1,444
2	Keewatin Municipal Telephone System	E. A. Sherred Clerk-Treasurer	P. O. Box 139 Keewatin P0X 1C0	Keewatin	969	969
2	Kenora Municipal Telephone System	D. T. McLeod Secretary	P. O. Box 110 Kenora P9N 1Y0	Kenora	7,175	7,175
4	Lansdowne Rural Telephone Company Limited, The	R. Crawford General Manager	Lansdowne K0E 1L0	Lansdowne	1,430	1,430
4	Maitland Teleservices Limited	G. H. Newton President	330 University Ave. F6 Toronto M5G 1R7	Auburn Blyth Brussels	242) 1,018) 1,586)	2,846
4	Manitoulin Island Telephone Company Limited	B. Skippen Manager	P. O. Box 127 Mindemoya P0P 1S0	Manitowaning Mindemoya	943) 963)	1,906
3	Mornington Municipal Telephone System	D. Schlotzhauer Secretary	15 Fulton St. Milverton N0K 1M0	Milverton	1,913	1,913

TELEPHONE SYSTEMS
SUMMARY OF STATISTICAL RETURNS FOR SYSTEMS AS AT DECEMBER 31, 1976

GROUP	NAME OF SYSTEM	SECRETARY OR MANAGER	P. O. ADDRESS	EXCHANGES	PHONES ON EXCHANGES	TOTAL COMPANY PHONES
4	Muskoka & Parry Sound Telephone Company Limited	H. J. Schmidt Secretary-Treasurer	P. O. Box 130 Baden N0B 1G0	Burk's Falls* Emsdale Magnetawan Sprucedale	158) 596) 383) 210)	1,347
4	North Frontenac Telephone Company Limited	H. J. Schmidt Secretary-Treasurer	P. O. Box 130 Baden N0B 1G0	Parham Sharbot Lake	391) 712)	1,103
3	North Norwich Municipal Telephone System	Mrs. A. Williams Secretary-Treasurer	P. O. Box 33 Burgessville N0J 1C0	Burgessville Norwich* Woodstock*	1,001) 368) 270)	1,639
4	North Renfrew Telephone Company Limited	W. Vandekemp Secretary	P. O. Box 70 Beachburg K0J 1C0	Beachburg Pembroke* Westmeath	586) 285) 330)	1,201
4	Northern Telephone Limited	C. F. Shepherdson Secretary-Treasurer	P. O. Box H New Liskeard P0J 1P0	Abitibi Canyon Ansonville Calstock Cobalt Cochrane* Connaught Earlton Elk Lake Englehart Fauquier Gowganda Haileybury Hearst Kamiskotia Kapuskasing Kirkland Lake Larder Lake Latchford Matatchewan Matheson Mattice Moonbeam New Liskeard Opasatika	247) 2,033) 119) 1,274) 486) 117) 932) 232) 1,753) 262) 86) 2,442) 3,535) 49) 7,698) 7,553) 509) 161) 338) 850) 351) 539) 5,449) 168)	65,278

TELEPHONE SYSTEMS
SUMMARY OF STATISTICAL RETURNS FOR SYSTEMS AS AT DECEMBER 31, 1976

GROUP	NAME OF SYSTEM	SECRETARY OR MANAGER	P. O. ADDRESS	EXCHANGES	PHONES ON EXCHANGES	TOTAL COMPANY PHONES
4	Northern Telephone Limited (continued)			Opishung Ramore-Holtyre Smooth Rock Falls South Porcupine Swastika Timmins Val Gagne Virginiatown	4) 398) 1,178) 4,353) 902) 20,319) 362) 579)	
4	Oakwood Telephone Company Limited	Miss E. Gorrill Secretary-Treasurer	Oakwood K0M 2M0	Oakwood (M)	394	394
3	Otonabee Municipal Telephone System	J. D. Coit Secretary-Treasurer	P. O. Box 3 Keene K0L 2G0	Keene	1,009	1,009
4	People's Telephone Company of Forest, Limited, The	R. K. Sutherland Secretary-Treasurer	P. O. Box 700 Forest N0N 1J0	Aberarder Arkona Forest	682) 612) 2,252)	3,546
4	Roxborough Telephone Company Limited	J. W. Beach Manager	P. O. Box 179 Moose Creek K0C 1W0	Moose Creek	444	444
4	South Bruce Rural Telephone Company Limited	A. H. McTavish Secretary-Treasurer	Teeswater N0G 2S0	Mildmay Teeswater	1,122) 1,013)	2,135
4	Taylor Telephone Company Limited	Miss G. M. Blake Manager	Lion's Head N0H 1W0	Dyer's Bay Lion's Head (M) Stoke's Bay Tobermory	131) 840) 104) 431)	1,506
4	Telontario Incorporated	G. H. Newton President	330 University Ave. F6 Toronto M5G 1R7	Emeryville Pleasant Park	2,135) 622)	2,757

SUMMARY OF STATISTICAL RETURNS FOR SYSTEMS AS AT DECEMBER 31, 1976

TELEPHONE SYSTEMS

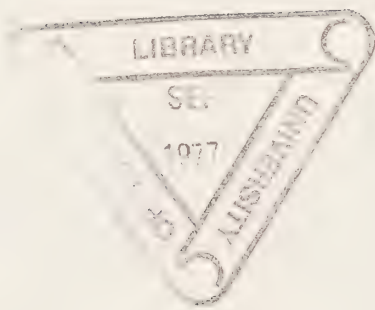
GROUP	NAME OF SYSTEM	SECRETARY OR MANAGER	P.O. ADDRESS	EXCHANGES	PHONES ON EXCHANGES	TOTAL COMPANY PHONES
2	Thunder Bay Telephone Department	H. W. McKinnon Manager	241 S. Vickers St. Thunder Bay P7E 1J5	Court Street Current River Murillo Riverview Rosslyn Shuniah Vickers Street	25,891) 3,696) 650) 14,145) 905) 6,964) 25,756)	78,007
3	Tuckersmith Municipal Telephone System	M. Graham Secretary-Treasurer	Brucefield NOM 1J0	Bayfield Clinton* Hensall* Seaforth*	728) 493) 523) 577)	2,321
4	Westport Telephone Company Limited, The	O. S. McNally Secretary-Treasurer	R. R. #2 Westport K0G 1X0	Westport	988	988
4	Wightman Telephone Limited	R. Wightman President	Clifford N0G 1M0	Ayton Clifford Gorrie Neustadt	483) 745) 1,594) 366)	3,188

NOTES

* Indicates the exchange to which service station lines connect.
(M) Manual exchange.

GROUP

- 1--Systems established under The Telephone Act by Municipal Corporations and operated as Public Utilities.
- 2--Systems established under The Telephone Act by Municipal Corporations and operated as "other than a public utility".
- 3--Systems established under The Telephone Act by, and vested in Municipal Corporations in trust for the benefit of the subscribers and operated by the Municipal Council or by a Commission elected by the subscribers.
- 4--Systems owned by Incorporated Telephone Companies.



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Government
Publications

1977 annual report



ONTARIO TELEPHONE
SERVICE COMMISSION



Ontario

Ministry of
Transportation &
Communications

416/965-2101

Ferguson Block
Queen's Park
Toronto Ontario

The Hon. Pauline M. McGibbon, OC, BA, LLD
Lieutenant Governor of Ontario
Legislative Building
Queen's Park

MAY IT PLEASE YOUR HONOUR

I beg leave to present the 1977 Annual Report
of the Ontario Telephone Service Commission for
the year ending December 31, 1977.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Jim Snow", written over a large, stylized flourish.

James W. Snow
Minister





Ontario
Telephone Service
Commission

416/248-3831

Suite 200
3625 Dufferin St.
Downsview Ontario
M3K 1Z2

December 31, 1977

The Hon. James W. Snow
Minister of Transportation and Communications
3rd Floor, Ferguson Block
Wellesley Street West
Toronto, Ontario

Dear Mr. Snow:

We have the honour to present herewith the
Annual Report of the Ontario Telephone Service
Commission for the year ending December 31,
1977.

Respectfully submitted,

David M. Duncan, Q.C.
Chairman

J. B. Webster
Vice-Chairman

E. A. Frith
Member

J. D. Misner
Member

M. E. Parry
Member

R. P. Tallon
Member

Frank Wall
Member

1977 ANNUAL REPORT

Introduction:

The Ontario Telephone Service Commission is responsible for regulating the providers of telephone service under Provincial jurisdiction pursuant to The Telephone Act, R. S. O. 1970, Chapter 457.

Ontario telephone systems must obtain Commission approval to revise rates, borrow money, issue capital, approve by-laws, sell or merge with another system, enter into agreements with other telephone systems, or make agreements for interchange of service.

As of January 1, 1978 there were 36 independent telephone systems operating in Ontario with approximately 262,300 telephones and an estimated gross capital investment expenditure for plant and equipment of over \$105 million. Telephone service in the Province is provided by these 36 independents, Bell Canada with 5,308,756 telephones and by Ontario Northland Communications which provides local services to more than 2,000 telephones.

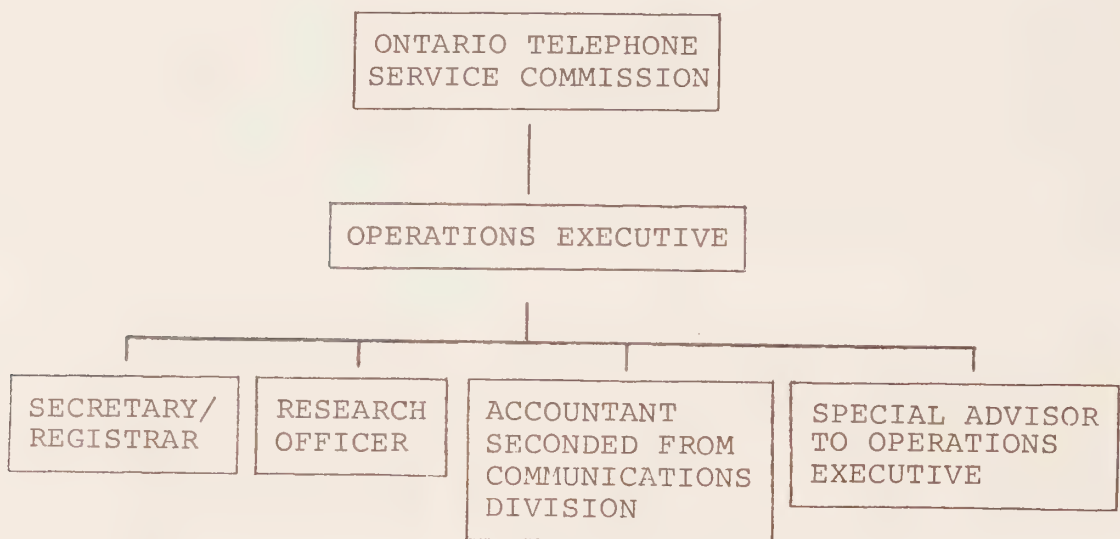
While the number of telephones per 100 population is 61.9 for all of Canada at the end of 1977, the Province of Ontario has 66.3 per 100 population, second only to Alberta with 67.7 per 100 population.

Administration:

A Chairman on a full time basis, a Vice-Chairman and five Members constitute the Ontario Telephone Service Commission. All are appointed by Order-in-Council and provide the Commission with a broad representation.

In December 1977, Premier William Davis announced the appointment of D. M. Duncan, Q.C. as Chairman for the period January 1, 1978 to July 31, 1978. The Premier also announced the appointment of Wladzia Bielski, Q.C. as a Member of the Commission effective January 1, 1978 and Chairman effective August 1, 1978, following the retirement of Mr. Duncan.

The following constitutes the organization of the staff:



Engineering and accounting advice is provided, upon request by the Commission, by the Communications Division of the Ministry of Transportation and Communications.

Organization of Systems:

The independent telephone systems in Ontario may be divided into four classes according to type of ownership. The 36 systems operating as at January 1, 1978 are organized as follows:

	<u>Systems</u>		<u>Telephones</u>	
	No.	%	No.	%
Systems operated as public utilities by municipal corporations	5	13.9	99,746	38.0
Municipal systems	11	30.5	31,951	12.2
Incorporated companies	18	50.0	62,772	23.9
Departments of incorporated companies	2	5.6	67,894	25.9
TOTAL	36	100.	262,363	100.

MODERNIZATION OF SYSTEMS:

When the Ontario Telephone Authority (predecessor to the Commission) was established in 1954, there were 465 independent systems in Ontario operating a total of some 176,000 telephones. Most of these were very small organizations with less than 300 telephones. The few dial exchanges operated by independents were mostly in urban areas. The Commission encouraged and assisted those systems wishing to convert to modern dial operation and tried to persuade smaller systems to amalgamate with neighbouring systems in order to form units large enough to make dial conversion economically feasible.

The systems which modernized have continued to expand with the result that the total number of telephones operated by these remaining systems exceeds 262,300 as opposed to 176,000 operated by the 465 systems in 1954. Furthermore, although these systems operate slightly less than five percent of the telephones in Ontario, the total exceeds those in either Prince Edward Island or Newfoundland. They are located in predominantly rural

areas and, therefore, occupy a much wider service area than the telephone count would suggest, reaching in the southeast from the Quebec border to Manitoba in the northwest, and the Windsor area in the southwest to close to the northeast border of Ontario and Quebec

<u>Jan. 1</u>	<u>No. of Systems</u>	<u>No. of Telephones</u>	<u>% Change</u>
1972	40	194,942	3.39
1973	40	205,470	5.40
1974	40	216,007	5.13
1975	40	228,810	5.93
1976	40	240,700	6.94
1977	39	258,161	5.50
1978	36	262,363	1.63

Size of Systems:

The following table indicates the size of systems operating in Ontario as of January 1, 1978:

<u>No. of Telephones</u>	<u>No. of Systems</u>	<u>%</u>
101 - 500	3	8.3
501 - 1,000	3	8.3
1,001 - 2,000	13	36.1
2,001 - 3,000	5	13.9
3,001 - 4,000	4	11.1
4,001 - 5,000	2	5.6
5,001 - 10,000	2	5.6
over 10,000	4	11.1
	<hr/> 36	<hr/> 100.

A summary of independent company telephone data is included in Appendix I of this report.

Activities - 1977:

Inflationary pressures continued to be a concern in 1977 to all telephone companies in Ontario. Rising costs of material and labour have necessitated applications for rate increases by a number of telephone companies resulting in accelerated Commission activities during the year.

There were a total of nineteen days of full Commission meetings held during the year resulting in the issuance of 113 orders. A summary of these orders is contained in Appendix II.

Members have heard rate applications conducted under the provisions of The Telephone Act. Public hearings were held at the Commission offices in Toronto, as well as in New Liskeard, Timmins, Caledonia, Kingston, Orono, Burk's Falls and Thedford, as a convenience to telephone users, and to receive submissions concerning the quality of service rendered by the applicants for rate increases.

Liaison:

Joint meetings with the Ontario Telephone Association were held in May and November 1977 with the following items being discussed.

1. Depreciation study.
2. Costs of advertising rate applications.
3. Boundary overlaps.
4. Uniform system of accounts.
5. Bell Canada toll agreements.
6. Automatic number identification agreement.
7. Pole attachments.

8. Security deposits.
9. Policy procedures.
10. Long-term loans for independent telephone companies.
11. Gross receipts tax.
12. Slowdown in the economy.

The Canadian Independent Telephone Association held its 72nd Annual Convention in Ottawa on September 20, 21 and 22, 1977. The theme of the convention was "Demands for Service". The Chairman of the OTSC, D. M. Duncan, Q.C. was invited to address the convention and, as a result, presented a paper on the subject "Demands for Service".

The Ontario Telephone Association Annual Convention was held in Sarnia on June 7, 1977. W. J. Withers, Operations Executive of the OTSC, attended and participated as a member in a panel discussion.

The Commission is one of thirteen members of the Canadian Association of Members of Public Utility Tribunals (CAMPUT) made up of regulatory boards and commissions throughout Canada.

During 1977, the annual meeting of CAMPUT was held in Toronto and was attended by members and staff of the Commission. In addition, two members of the Commission staff presented technical papers dealing with regulation of competitive telecommunications services and telecommunications rate design with emphasis on rural telephone rates.

The Chairman of the Commission served as Chairman of the Telecommunications Subcommittee of CAMPUT during 1976-1977, and was elected to chair the Legislation and Administrative Practices Subcommittee for the 1977-1978 term.

The Telecommunications Subcommittee met in Quebec City during October and members of the Commission and staff attended these meetings, participated in discussions of telecommunications issues, and presented papers on uniform accounting practices for telephone systems and regulations pertaining to deposit practices.

The Commission is an associate member of the National Association of Regulatory Utility Commissioners (NARUC) and as such, Members of the Commission and staff attended meetings of the NARUC Staff Subcommittee on Communications and also the Staff Subcommittee on Toll Separations.

Pursuant to receipt by the Canadian Radio-television and Telecommunications Commission (CRTC) of an application from the City of Prince Rupert for relief under its traffic agreement with the British Columbia Telephone Company, it appointed, under Section 81(1) of the National Transportation Act, a Committee of Inquiry to consider the application and make a recommendation. In considering the most appropriate procedure to adopt in reaching a decision on this matter, the CRTC noted three points. One is that the application requires a review of detailed technical and economic material, some of which might involve a comparative review of the agreements between Bell Canada and the Ontario and Quebec independent telephone companies. The second is that a conventional hearing process would probably be long and expensive in the absence of some effort to define issues, to work out what data is necessary, and to organize such data in a useful way. The third is that the matter is one which is particularly appropriate for coordination of approach between federal and provincial agencies. The Operations Executive of the Ontario Telephone Service Commission was one of three appointed to the Committee of Inquiry.

Memorandum of Understanding:

Appendix III to this Report is a copy of a Memorandum of Understanding entered into by the Honourable James Snow, Minister of Transportation and Communications, and David M. Duncan, Q.C., Chairman of the Commission.

The purpose of the said Memorandum is to state in general terms government policy respecting the regulation of the independent telephone systems under the jurisdiction of the Ontario Telephone Service Commission. It further states the relationship between the Minister and the Commission, the Commission and the Ministry of Transportation and Communications and the Commission and other agencies of the Ontario Government.

This document is being published in order that the Members of the Legislature, the independent telephone systems in Ontario and the users and potential users of the services provided by the independent telephone industry, will be aware of government policy in this area and the working relationships which exist between the Ontario Telephone Service Commission and other government organizations, inside and outside the Government of Ontario.

Regulatory issues:

a) Rate grouping

Historically telephone exchanges generally have fallen into groups that increase in the level of rates as customers enjoy toll-free calling to a larger number of telephones.

Regulators of telephone companies now are tending to use total telephone numbers rather than total telephones in the local calling areas as a basis for determining telephone exchange rate groups. During the year, the Commission used total telephone numbers as the basis for rate grouping coincident with rate awards to Community Telephone Company of Ontario Limited and Northern Telephone Limited. Rate grouping of exchanges is not as significant in smaller systems with one or only a few exchanges. In such instances the rates granted will be such as to develop the rate of return determined by the Commission, which rates may be inconsistent with normal rate grouping.

b) Late payment charges:

The Commission granted authority to twenty-two companies to levy a late payment charge on overdue accounts. Applications were handled on an individual system basis due to differences in billing procedures. In general, a charge of 1.5 to 2 percent may be levied on outstanding accounts that are not in dispute and remain unpaid at specific time limits following release of accounts.

c) Security deposits:

The Commission initiated a study into the matter of companies that levy security deposits from applicants for service and, under certain circumstances, existing customers under Section 105 of The Telephone Act, R. S. O. 1970, Chapter 457. Again, due to differing approaches by the Ontario companies, a uniform policy was not pursued by the Commission. A considerable amount of effort is being devoted to this subject within the overall telephone industry.

d) Concession service:

A number of companies applied for approval to grant concessions on telephone rates to employees and retired employees in their organization. Again, on an individual system basis the Commission authorized thirteen companies to grant such concessions. The majority of such orders permitted free service over one main telephone to personnel assigned the responsibility to handle business calls after normal working hours and over weekends.

e) Traffic agreement revisions:

The Commission approved Alternate Appendix B (1977) to Ontario independents' Traffic Agreements with Bell Canada. Negotiated by the Canadian Independent Telephone Association (CITA) on behalf of the independents, the new Appendix reflected an increase of seven percent in the level of toll commissions, effective June 21, 1977. Changes in the structure of the commission schedule make it more sensitive to any changes in the "Average Revenue per Message" upon which commissions are based. In addition, a provision has been added whereby the toll revenues of independents will be maintained at the same level insofar as it might be affected by any change in Bell Canada's toll rates.

The foregoing increase in the commission schedule was effective conditional upon the independent companies accepting a revised Operator Office Services Agreement with Bell Canada, also effective June 21, 1977. Based on recent cost studies of providing these services, Bell Canada's new agreement reflects increases in rates as well as identifying the specific charges for the particular service that may be required by independents. The increases in rates are phased in over a period of eighteen months.

f) Rate applications:

During the year the Commission issued thirteen orders awarding general rate increases including two interim rate awards. There was one order issued denying a rate increase. During 1977 the average time period between the date an application for rate relief was filed and a final order issued by the Commission was six months.

The companies involved were:

Abitibi Paper Company Ltd. (Telephone Department)
Aylmer & Malahide Telephone Company Limited
Community Telephone Company of Ontario Limited
Hay Municipal Telephone System
Hurontario Telephones Limited - Interim Award
Muskoka & Parry Sound Telephone Company Limited - Denied
North Frontenac Telephone Company Limited
North Norwich Municipal Telephone System
North Renfrew Telephone Company Limited
Northern Telephone Limited (Telephone Department) -
Interim and Final Award
People's Telephone Company of Forest, Limited
Roxborough Telephone Company Limited

On July 25, 1977 the Commission issued an order denying an increase in rates to the Muskoka & Parry Sound Telephone Company Limited. The Commission's findings indicated that the Applicant failed to provide continuous telephone service that adequately and efficiently meets the needs of the public. It was also the opinion of the Commission that the granting of the application would not come close to creating a situation that would permit these needs of the public to be met nor was a plan submitted to provide continuous service which would adequately and efficiently meet the public need.

It was suggested to the Applicant that sale of the system appeared to be the only alternative available and if no purchaser could be found, it was recommended that the Government of Ontario use the procedures available under the Ontario Telephone Development Corporation Act which

gives the Ontario Telephone Development Corporation the power of expropriation.

g) Amalgamation and sale of telephone systems:

During the year 1976 Telontario Incorporated, a subsidiary of Bell Canada, and its two subsidiaries, The Caradoc Ekfrid Telephone Company Limited and Maitland Teleservices Limited, applied under Section 103 of The Telephone Act, R. S. O. 1970, Chapter 457, for dissolution of the said companies.

Following notice of intervention by the Ontario Telephone Association and The Aylmer & Malahide Telephone Company Limited, hearings were conducted by the Commission. The Commission's Order No. 3572, issued November 8, 1977, approved disposition of the telephone companies among the creditors and shareholders of the corporations upon voluntary dissolution pursuant to resolutions of the three companies as passed by shareholders. Pursuant to this order, the three companies were absorbed by Bell Canada, December 31, 1977.

On August 8, 1977 the Aylmer & Malahide Telephone Company Limited of Aylmer, Ontario, entered into an agreement to purchase all the shares of Manitoulin Island Telephone Company Limited and Taylor Telephone Company Limited from Cencom Incorporated of Rushford, Minnesota, which agreement was approved by the Commission August 31 and effective September 1, 1977.

Bell Canada will assume responsibility for serving the territory of the Oakwood Telephone Company Limited in the summer of 1978 and the Company will cease operations at that time. There then remains one small single exchange manual company and one multi-exchange company with a manual exchange which is planned for conversion to dial in 1979.

h) Studies:

Studies are being continued in order to develop a regulation in respect to introducing a uniform system of accounts for telephone systems under Ontario Telephone Service Commission jurisdiction.

SUMMARY OF INDEPENDENT TELEPHONE SYSTEMS DATA

AS AT DECEMBER 31, 1977

SUMMARY OF INDEPENDENT TELEPHONE SYSTEMS DATA AS AT DECEMBER 31, 1977								
GROUP	NAME OF SYSTEM	SECRETARY OR MANAGER	ADDRESS	EXCHANGES	TELEPHONE NUMBERS (A)	OTHER TELEPHONES (B)	TOTAL TELEPHONES	TOTAL COMPANY TELEPHONES
4	Abitibi Paper Company Ltd.	J. C. Jordan Mill Manager	Iroquois Falls P0K 1E0	Iroquois Falls	708	371	1,079	1,079
3	Aylmer & Malahide Telephone Company Limited	R. B. Barnard President and General Manager	18 Sydenham St. East Aylmer N5H 1L2	Aylmer Port Burwell Straffordville	4,181 594 949	1,984 187 295	6,049 769 1,240	8,058
2	Blanshard Municipal Telephone System	Mrs. H. Hardeman Secretary- Treasurer	Kirkton N0K 1K0	Granton Kirkton Sebringville Uniondale	515 858 1,001 366	216 403 380 130	731 1,261 1,381 496	3,869
2	Brooke Municipal Telephone System	Wilfred Chapman Manager	P. O. Box 40 Inwood N0N 1K0	Alvinston (S) Inwood Watford (S)	279 515 527	80 98 80	359 613 616	1,588
2	Bruce Municipal Telephone System	J. T. Scurfield Manager	P. O. Box 580 Kincardine N0G 2G0	Kincardine Paisley Port Elgin Tiverton	3,013 835 2,928 1,118	1,188 223 975 207	4,187 1,058 3,895 1,294	10,434
3	Cambray Telephone Company Limited	Mrs. B. Bailey Secretary- Treasurer	Cambray K0M 1E0	Cambray (M)	571	66	637	637
3	Capital Telephone Company Limited, The	T. R. Wilson Vice-President and General Manager	160 Elgin St. P8 Executive Ottawa K2P 2C4	Naberville	158	45	203	203
1	Cochrane Municipal Telephone System	M. Hannan Secretary- Treasurer	P. O. Box 640 Cochrane P0L 1C0	Cochrane	1,845	1,206	3,001	3,001
2	Coldwater Municipal Telephone System	Mrs. M. Lumree Secretary- Treasurer	P. O. Box 202 Coldwater L0K 1E0	Coldwater	684	203	887	887

SUMMARY OF INDEPENDENT TELEPHONE SYSTEMS DATA AS AT DECEMBER 31, 1977									
GROUP	NAME OF SYSTEM	SECRETARY OR MANAGER	ADDRESS	EXCHANGES	TELEPHONE NUMBERS (A)	OTHER TELEPHONES (B)	TOTAL TELEPHONES	TOTAL COMPANY TELEPHONES	
3	Community Telephone Company of Ontario Limited	R. P. Tallon General Manager	107 Broad St. East Dunnville N1A 2X3	Adolphustown Bath Caledonia Drayton Dunnville Elgin Erin Hillsburgh Inverary Kerwood Nairn Newburgh Odessa Orono Portland Seeley's Bay Selby Strathroy (S) Sunderland Tamworth Yarker	400 682 2,720 1,223 4,604 729 1,333 899 1,203 455 405 587 984 1,406 784 702 396 161 1,082 472 319	102 702 1,150 461 2,029 239 623 436 280 246 207 163 256 597 259 189 140 195 560 128 74	502 1,368 3,864 1,682 6,592 968 1,956 1,335 1,483 701 609 750 1,240 1,999 1,043 891 532 343 1,642 600 393		
1	Dryden Municipal Telephone System	W. M. Wake Secretary	30 Van Horne Ave. Dryden P8N 2A7	Dryden	2,823	1,848	4,608	4,608	30,493
3	Durham Telephones Limited	J. E. Downs Secretary-Treasurer	63 Brule Gdns. Toronto M6S 4J5	Cavan Millbrook	295 705	75 223	370 924	1,294	
2	Gosfield North Municipal Telephone System	Mrs. V. Ash Secretary	P. O. Box 130 Cottam N0R 1B0	Cottam	1,017	292	1,309	1,309	1,309
2	Hay Municipal Telephone System	W. H. Wagner Manager and Secretary-Treasurer	P. O. Box 99 Zurich N0M 2T0	Dashwood Grand Bend Zurich	429 1,490 846	156 492 270	585 1,977 1,116	3,678	
2	Huron & Kinloss Municipal Telephone System	C. Nicholson Manager	P. O. Box 39 Ripley	Dungannon Ripley	750 1,547	155 457	905 2,004	2,909	

GROUP	NAME OF SYSTEM	SECRETARY OR MANAGER	ADDRESS	EXCHANGES	TELEPHONE NUMBERS (A)	OTHER TELEPHONES (B)	TOTAL TELEPHONES	TOTAL COMPANY TELEPHONES
3	Huronario Telephones Limited	K. V. Stevens Secretary- Treasurer	P. O. Box 1011 Woodstock N4S 8A4	Port Franks Thedford	696 523	130 158	823 681	1,504
1	Keewatin Municipal Telephone System	E. A. Sherred Clerk-Treasurer	P. O. Box 139 Keewatin POX 1C0	Keewatin	714	265	979	979
1	Kenora Municipal Telephone System	D. T. McLeod Secretary	P. O. Box 1110 Kenora P9N 1Y0	Kenora	4,197	3,579	7,662	7,662
3	Lansdowne Rural Telephone Company Limited, The	R. Crawford General Manager	Lansdowne KOE 1L0	Lansdowne	1,164	356	1,520	1,520
3	Manitoulin Island Telephone Company Limited	R. B. Barnard President	18 Sydenham St. East Aylmer N5H 1L2	Manitowaning Mindemoya	812 776	230 222	1,029 977	2,006
2	Mornington Municipal Telephone System	D. Schlotzhauer Secretary	15 Fulton St. Milverton N0K 1M0	Milverton	1,447	555	1,996	1,996
3	Muskoka & Parry Sound Telephone Company Limited	H. J. Schmidt Secretary- Treasurer	P. O. Box 130 Baden N0B 1G0	Burk's Falls (S) Emsdale Magnetawan Sprucedale	144 540 343 162	21 80 53 28	165 616 392 190	1,363
3	North Frontenac Telephone Company Limited	H. J. Schmidt Secretary- Treasurer	P. O. Box 130 Baden N0B 1G0	Parham Sharbot Lake	336 601	61 131	397 732	1,129
2	North Norwich Municipal Telephone System	Mrs. A. Williams Secretary- Treasurer	P. O. Box 33 Burgessville N0J 1C0	Burgessville Norwich (S) Woodstock (S)	802 283 222	260 98 109	1,062 381 331	1,774
3	North Renfrew Telephone Company Limited	W. Vande Kemp Secretary	P. O. Box 70 Beachburg K0J 1C0	Beachburg Pembroke (S) Westmeath	479 209 294	148 90 55	627 299 349	1,275

SUMMARY OF INDEPENDENT TELEPHONE SYSTEMS DATA AS AT DECEMBER 31, 1977								
GROUP	NAME OF SYSTEM	SECRETARY OR MANAGER	ADDRESS	EXCHANGES	TELEPHONE NUMBERS (A)	OTHER TELEPHONES (B)	TOTAL TELEPHONES	TOTAL COMPANY TELEPHONES
4	Northern Telephone Limited	C. F. Shepherdson Secretary- Treasurer	P. O. Box H New Liskeard P0J 1P0	Abitibi Canyon Ansonville Calstock Cobalt Cochrane (S) Connaught Earlton Elk Lake Englehart Fauquier Gowganda Haileybury Hearst Kamiskotia Kapuskasing Kirkland Lake Larder Lake Latchford Matachewan Matheson Mattice Moonbeam New Liskeard Opasatika Ramore Smooth Rock Falls South Porcupine Swastika Timmins Val Gagne Virginiatown	114 1,556 105 885 407 97 748 187 1,319 233 72 1,647 2,292 47 4,659 4,945 431 130 152 618 281 447 3,413 122 315 850 2,666 663 13,396 249 437	148 599 37 332 97 25 222 56 509 49 15 835 1,540 11 3,414 2,573 95 37 48 263 81 123 2,224 44 82 366 1,852 262 7,765 118 151	255 2,149 142 1,217 504 122 970 243 1,828 282 87 2,482 3,832 58 8,073 7,518 526 167 200 881 362 570 5,637 166 397 1,216 4,518 925 21,161 367 588	
3	Oakwood Telephone Company Limited	Miss E. Gorrill Secretary- Treasurer	Oakwood KOM 2M0	Oakwood (M)	382	32	414	414
2	Otonabee Municipal Telephone System	J. D. Coit Secretary- Treasurer	P. O. Box 3 Keene K0L 2G0	Keene	799	238	1,037	1,037
3	People's Telephone Company of Forest, Limited, The	R. K. Sutherland Assistant Manager and Secretary- Treasurer	P. O. Box 700 Forest NON 1J0	Aberarder Arkona Forest	598 465 1,972	123 181 840	721 628 2,755	4,104

GROUP	NAME OF SYSTEM	SECRETARY OR MANAGER	ADDRESS	EXCHANGES	TELEPHONE NUMBERS (A)	OTHER TELEPHONE S (B)	TOTAL TELEPHONE S	TOTAL COMPANY TELEPHONE S
3	Roxborough Telephone Company Limited	J. W. Beach Manager	P. O. Box 179 Moose Creek K0C 1W0	Moose Creek	355	109	464	464
3	South Bruce Rural Telephone Company Limited	A. H. McTavish Secretary- Treasurer	Teeswater N0G 2S0	Mildmay Teeswater	959 873	192 196	1,155 1,065	2,220
3	Taylor Telephone Company Limited	R. B. Barnard President	18 Sydenham St. East Aylmer N5H 1L2	Dyer's Bay Lion's Head (M) Stoke's Bay Tobermory	119 718 85 365	31 177 21 106	148 891 106 470	1,615
1	Thunder Bay Telecommuni- cations Department	H. W. McKinnon Director	241 Vickers St. South Thunder Bay P7E 1J5	Court Street Current River MacKenzie Murillo Riverview Rosslyn Shuniah Vickers Street	15,346 2,232 573 556 7,925 1,665 5,797 15,301	11,732 982 99 164 6,380 416 2,339 11,715	25,180 3,176 672 720 13,631 2,028 8,068 24,744	78,219
2	Tuckersmith Municipal Telephone System	M. Graham Secretary- Treasurer	Brucefield N0M 1J0	Bayfield Clinton (S) Hensall (S) Seaforth (S)	662 333 365 419	174 147 156 150	836 480 521 569	2,406
3	Westport Telephone Company Limited, The	O. S. McNally Secretary- Treasurer	R. R. #2 Westport K0G 1X0	Westport	892	193	1,085	1,085
3	Wightman Telephone Limited	R. Wightman President	Clifford N0G 1M0	Ayton Clifford Gorrie Neustadt	372 551 982 312	137 196 408 78	509 747 1,390 390	3,036

SUMMARY OF INDEPENDENT TELEPHONE SYSTEMS DATA AS AT DECEMBER 31, 1977							
NAME OF SYSTEM	SECRETARY OR MANAGER	ADDRESS	EXCHANGES	TELEPHONE NUMBERS (A)	OTHER TELEPHONES (B)	TOTAL TELEPHONES	TOTAL COMPANY TELEPHONES
GROUPS:							
1--Systems established under The Telephone Act by municipal corporations and operated as public utilities.							
2--Systems established under The Telephone Act by, and vested in municipal corporations in trust for the benefit of the subscribers and operated by the municipal council or by a commission elected by the subscribers.							
3--Incorporated companies.							
4--Systems operated as departments of incorporated companies.							
NOTES:							
(A) Main telephones and PBX trunk lines.							
(B) Extensions and coin telephones.							
(M) Manual exchange.							
(S) Indicates the exchange to which service system lines connect.							

APPENDIX II

COMMISSION ORDERS ISSUED - 1977

Commission Orders Issued - 1977:

During the year a total of 113 orders were issued by the Commission for the undermentioned purposes under the following sections of The Telephone Act:

<u>Section</u>	<u>No. of Orders</u>
6 Interim rate increase.....	1
10 Amendment to previous order.....	3
11 Dispute between two systems.....	2
15 Power exercisable on Commission's own motion.....	2
47 Disposition of assets following sale of a system.....	1
60 Release of subscriber.....	3
73 Prescribing date of Annual Meeting of subscribers.....	3
88 Approval of Special Resolution and Company by-laws.....	4
94 Assess construction charges.....	1
96 Approval of agreements for interchange of service and amendments thereto.....	13
103 Sale of whole or part of a telephone system.....	2
105 Request for changes in local telephone rates.....	54
106 Approval to temporarily withdraw a service charge or grant approval of concession service.....	15
109 Authority to issue evidence of indebted- ness.....	7
115 Approval to change fiscal year.....	2
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	113
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ORDER NO.	DATE ISSUED	APPLICANT	APPROVALS AND DIRECTIVES	EFFECTIVE
3460B	77 01 19	Northern Telephone Limited	Amending Order No. 3460A extending time limit.	77 01 13
3486	77 01 19	Muskoka & Parry Sound Telephone Company Limited	Approval to levy late payment charges.	77 01 13
3487	77 01 19	Wightman Telephone Limited	Approval to levy late payment charges.	77 01 13
3488	77 01 19	North Frontenac Telephone Company Limited	Approval of a rate for digipulse telephones.	77 01 13
3489	77 03 01	Hurontario Telephones Limited/ People's Telephone Company of Forest Limited	Boundary dispute; ordered to attend meeting March 15, 1977.	77 02 24
3490	77 03 02	Otonabee Municipal Telephone System	Approval of rate for hard-of-hearing handset.	77 02 24
3491	77 03 03	Aylmer & Malahide Telephone Company Limited	Approval to levy late payment charges.	77 02 24
3492	77 03 03	Bruce Municipal Telephone System	Approval to levy late payment charges.	77 02 24
3493	77 03 03	Community Telephone Company of Ontario Limited	Approval to levy late payment charges.	77 02 24
3494	77 03 03	Cambray Telephone Company Limited	Approval to levy late payment charges.	77 02 24
3495	77 03 03	Hurontario Telephones Limited	Approval to levy late payment charges.	77 02 24
3496	77 03 03	Lansdowne Rural Telephone Company Limited	Approval to levy late payment charges.	77 02 24
3497	77 03 03	North Frontenac Telephone Company Limited	Approval to levy late payment charges.	77 02 24
3498	77 03 03	People's Telephone Company of Forest Limited	Approval to levy late payment charges.	77 02 24
3499	77 03 03	Northern Telephone Limited	Approval to levy late payment charges.	77 02 24
3500	77 03 04	Northern Telephone Limited	Approval of the establishment of a base rate area and a proposed extension to same for Smooth Rock Falls.	77 02 24
3500A	77 07 20	Northern Telephone Limited	Order No. 3500 re-issued.	77 07 19
3501	77 03 04	Northern Telephone Limited	Approval of the establishment of a base rate area and a proposed extension to same for Matachewan.	77 02 24
3501A	77 07 20	Northern Telephone Limited	Order No. 3501 re-issued.	77 07 19
3502	77 03 04	Northern Telephone Limited	Approval of extension to base rate area boundary - Timmins.	77 02 24
3503	77 03 08	North Frontenac Telephone Company Limited	Directed applicant for service to pay construction charge.	77 02 24
3504	77 03 21	Bruce Municipal Telephone System	Order to cease and desist charging security deposits without Commission approval.	77 03 16
3505	77 03 22	Huron & Kinloss Municipal Telephone System	Permission granted to hold late annual meeting.	77 03 16

COMMISSION ORDERS ISSUED - 1977

ORDER NO.	DATE ISSUED	APPLICANT	APPROVALS AND DIRECTIVES	EFFECTIVE
3506	77 04 12	Aylmer & Malahide Telephone Company Limited	Approval of By-law 43 - remuneration to directors.	77 04 04
3507	77 04 12	Aylmer & Malahide Telephone Company Limited	Approval of By-law 44 - number of directors.	77 04 04
3508	77 04 13	North Norwich Municipal Telephone System	Approval to hold late annual meeting.	77 04 04
3509	77 05 02	North Renfrew Telephone Company Limited	Approval of Service System Application with Bell Canada.	77 02 24
3510	77 05 02	Brooke Municipal Telephone System	Approval of Service System Application with Bell Canada.	77 02 24
3511	77 05 02	North Norwich Municipal Telephone System	Approval of Service System Application with Bell Canada.	77 02 24
3512	77 05 02	Community Telephone Company of Ontario Limited	Approval of Service System Application with Bell Canada.	77 04 04
3513	77 05 02	Tuckersmith Municipal Telephone System	Approval of Service System Application with Bell Canada.	77 02 24
3514	77 05 02	Blanshard Municipal Telephone System	Approval of revised EAS agreement with Bell Canada.	77 04 04
3515	77 05 02	Abitibi Paper Company Ltd.	Approval of revision to Appendix A to Traffic Agreement with Ontario Northland Transportation Commission.	77 04 04
3516	77 05 02	Muskoka & Parry Sound Telephone Company Limited	Approval of Service System Application with Bell Canada.	77 02 24
3517	77 05 24	North Frontenac Telephone Company Limited	Approval to increase telephone rates.	77 05 19
3518	77 05 24	Maidstone Municipal Telephone System	Approval of final distribution of assets to subscribers.	77 05 19
3519	77 05 24	North Norwich Municipal Telephone System	Approval to increase telephone rates.	77 05 19
3520	77 05 25	Thunder Bay Telecommunications Department	Approval of Supplement #8 to Traffic Agreement with Bell Canada.	77 05 19
3521	77 05 25	Thunder Bay Telecommunications Department	Approval of Lease of Switching for TWX and Outwats Agreement.	77 05 19
3522	77 05 25	Aylmer & Malahide Telephone Company Limited	Approval of a rate for digipulse telephones.	77 05 19
3523	77 06 28	Taylor Telephone Company Limited	Approval to levy security deposits.	77 06 23
3524	77 06 28	Manitoulin Island Telephone Company Limited	Approval to levy security deposits.	77 06 23
3525	77 05 27	North Norwich Municipal Telephone System	Approval to levy late payment charges.	77 05 19
3526	77 05 27	Northern Telephone Limited	Approval of By-law 4 - remuneration to directors.	77 05 19
3527	77 05 27	North Norwich Municipal Telephone System	Approval of a By-law - remuneration to directors.	77 05 19

ORDER NO.	DATE ISSUED	APPLICANT	APPROVALS AND DIRECTIVES	EFFECTIVE
3528	77 05 30	Wightman Telephone Limited	Approval of issuance of evidence of indebtedness.	77 05 19
3529	77 06 28	Gosfield North Municipal Telephone System	Approval of extension to base rate area boundary.	77 05 19
3530	77 06 03	Otonabee Municipal Telephone System	Approval to hold annual meeting May 24, 1977.	77 05 19
3531	77 06 06	Thunder Bay Telecommunications Department	Approval to levy security deposits.	77 05 19
3532	77 06 14	Northern Telephone Limited	Approval of interim increase in revenue requirements.	77 05 19
3484B	77 06 27	People's Telephone Company of Forest Limited	Approval of a general increase in rates.	77 06 23
3533	77 06 30	Northern Telephone Limited	Approval of interim increase in rates.	77 07 01
3534	77 06 28	Aylmer & Malahide Telephone Company Limited	Approval of a rate for Teledialer 32 and Logic Set Teledialer.	77 06 23
3535	77 06 28	Westport Telephone Company Limited	Approval of issuance of evidence of indebtedness.	77 06 23
3536	77 06 28	Thunder Bay Telecommunications Department	Approval of issuance of evidence of indebtedness.	77 06 23
3537	77 06 24	Roxborough Telephone Company Limited	Approval to levy late payment charges.	77 06 23
3538	77 06 24	North Renfrew Telephone Company Limited	Approval to levy late payment charges.	77 06 23
3539	77 06 24	Mornington Municipal Telephone System	Approval to levy late payment charges.	77 06 23
3540	77 06 24	Huron & Kinloss Municipal Telephone System	Approval to levy late payment charges.	77 06 23
3541	77 06 24	Blanshard Municipal Telephone System	Approval to levy late payment charges.	77 06 23
3542	77 06 24	Abitibi Paper Company Ltd.	Approval to levy late payment charges.	77 06 23
3543	77 06 24	Tuckersmith Municipal Telephone System	Approval to levy late payment charges.	77 06 23
3544	77 07 05	Thunder Bay Telecommunications Department	Approval to establish new exchange area.	77 06 23
3545	77 07 15	Aylmer & Malahide Telephone Company Limited	Approval of an increase in revenue requirements.	77 07 15
3546	77 07 22	Community Telephone Company of Ontario Limited	Approval of an increase in revenue requirements.	77 07 22
3547	77 07 22	Brooke Municipal Telephone System	Approval to levy late payment charges.	77 06 23
3548	77 07 22	Otonabee Municipal Telephone System	Approval of issuance of evidence of indebtedness.	77 07 19
3549	77 07 25	Muskoka & Parry Sound Telephone Company Limited	Application for a general rate increase denied.	77 07 25
3550	77 07 25	Aylmer & Malahide Telephone Company Limited	Approval of a general increase in rates.	77 08 01

COMMISSION ORDERS ISSUED - 1977

ORDER NO.	DATE ISSUED	APPLICANT	APPROVALS AND DIRECTIVES	EFFECTIVE
3551	77 07 26	Northern Telephone Limited	Approval of exchange upgrouping.	77 07 26
3552	77 08 03	Community Telephone Company of Ontario Limited	Approval of increase in rates.	77 08 28
3553	77 08 09	Northern Telephone Limited	Approval of Appendix B, Section V, to Traffic Agreement with Ontario Northland Transportation Commission.	77 07 19
3554	77 08 31	Aylmer & Malahide Telephone Company Limited and Cencom Incorporated	Sale of Manitoulin Island Telephone Company Limited and Taylor Telephone Company Limited to Aylmer & Malahide Telephone Company Limited.	77 09 02
3555	77 08 31	Aylmer & Malahide Telephone Company Limited	Approval of Supplement 23 to Traffic Agreement with Bell Canada.	77 08 31
3556	77 08 31	North Renfrew Telephone Company Limited	Approval of issuance of evidence of indebtedness.	77 08 31
3557	77 08 30	Hay Municipal Telephone System	Approval of issuance of evidence of indebtedness.	77 08 30
3558	77 08 31	Bruce Municipal Telephone System	Approval of release of Donald McIntosh as subscriber.	77 08 31
3559	77 08 31	Bruce Municipal Telephone System	Approval of release of Clarence Ackert as subscriber.	77 08 31
3560	77 08 31	Bruce Municipal Telephone System	Approval of release of Burton Shewfelt as subscriber.	77 08 31
3561	77 09 09	Hay Municipal Telephone System	Approval of an increase in revenue requirements.	77 08 31
3562	77 09 09	Roxborough Telephone Company Limited	Approval of a general increase in rates.	77 10 01
3563	77 09 19	Northern Telephone Limited	Approval of an increase in revenue requirements.	77 09 19
3564	77 09 30	Northern Telephone Limited	Approval of a general increase in rates.	77 10 01
3565	77 10 05	Thunder Bay Telecommunications Department	Approval of a rate for decorator telephones.	77 10 03
3566	77 10 06	North Norwich Municipal Telephone System	Approval of issuance of evidence of indebtedness.	77 10 03
3567	77 10 11	Roxborough Telephone Company Limited	Approving application of a business rate.	77 10 03
3568	77 10 12	Abitibi Paper Company Ltd.	Approval of a general increase in rates.	77 11 01
3569	77 10 12	Northern Telephone Limited	Revoking Order Nos. 3500, 3500A, 3501 and 3501A.	77 10 03
3570	77 10 13	North Renfrew Telephone Company Limited	Approval of a general increase in rates.	77 11 01
3571	77 10 14	Hurontario Telephones Limited	Approval of interim increase in rates.	77 11 01
3572	77 11 08	Telontario and subsidiaries	Approval of an application for voluntary dissolution.	77 11 08
3573	77 11 21	Bruce Municipal Telephone System	Approval to levy security deposits.	77 11 08
3574	77 11 21	Aylmer & Malahide Telephone Company Limited	Temporary withdrawal of certain installation charges.	77 11 08
3575	77 11 21	Northern Telephone Limited	Temporary withdrawal of certain installation charges.	77 11 08
3576	77 11 21	North Norwich Municipal Telephone System	Approval of Data Service Agreement with Northern Telephone Limited	77 11 08

ORDER NO.	DATE ISSUED	APPLICANT	APPROVALS AND DIRECTIVES	EFFECTIVE
3577	77 11 21	Community Telephone Company of Ontario Limited	Amending Order No. 3552 re "Call-Pac".	77 11 08
3578	77 12 02	Huronario Telephones Limited and People's Telephone Company of Forest, Limited	Settlement of boundary dispute.	77 12 01
3579	77 12 28	Brooke Municipal Telephone System	Approval to grant concession service.	77 11 08
3580	77 12 28	Blanshard Municipal Telephone System	Approval to grant concession service.	77 11 08
3581	77 12 28	Bruce Municipal Telephone System	Approval to grant concession service.	77 11 08
3582	77 12 28	Cambray Telephone Company Limited	Approval to grant concession service.	77 11 08
3583	77 12 28	Community Telephone Company of Ontario Limited	Approval to grant concession service.	77 11 08
3584	77 12 28	Huron & Kinloss Municipal Telephone System	Approval to grant concession service.	77 11 08
3585	77 12 28	Huronario Telephones Limited	Approval to grant concession service.	77 11 08
3586	77 12 28	Lansdowne Rural Telephone Company Limited	Approval to grant concession service.	77 11 08
3587	77 12 28	North Norwich Municipal Telephone System	Approval to grant concession service.	77 11 08
3588	77 12 28	People's Telephone Company of Forest Limited	Approval to grant concession service.	77 11 08
3589	77 12 28	Tuckersmith Municipal Telephone System	Approval to grant concession service.	77 11 08
3590	77 12 28	Wightman Telephone Limited	Approval to grant concession service.	77 11 08
3591	77 12 28	Manitoulin Island Telephone Company Limited	Approval to change fiscal year-end date.	77 12 01
3592	77 12 28	Taylor Telephone Company Limited	Approval to change fiscal year-end date.	77 12 01
3593	77 12 28	Westport Telephone Company Limited	Approval to levy late payment charges.	77 12 01
3594	77 12 29	Northern Telephone Limited	Approval to grant concession service.	77 11 08

MEMORANDUM OF UNDERSTANDING
BETWEEN THE
MINISTRY OF TRANSPORTATION AND COMMUNICATIONS
AND THE
ONTARIO TELEPHONE SERVICE COMMISSION

MEMORANDUM OF UNDERSTANDING
BETWEEN THE
MINISTRY OF TRANSPORTATION AND COMMUNICATIONS
AND THE
ONTARIO TELEPHONE SERVICE COMMISSION

I. INTRODUCTION:

1. In the event of conflict between any provision of this agreement and The Telephone Act, R. S. O. 1970, c. 457, The Telephone Act governs.
2. This agreement shall take effect on January 1, 1977 and shall be reviewed on the appointment of either a new Minister or Chairman of the Commission.

II. OBJECTS, POWERS AND RESPONSIBILITIES:

1. The Commission, through its Chairman, reports to the Minister of Transportation and Communications as an integral part of the portfolio for which he is accountable to the Legislature.
2. The role of the Commission is to supervise and enforce the obligations to the public imposed on the independent telephone systems by The Telephone Act, in accordance with the public policy of Ontario.
3. The objects of the Commission are:
 - (a) to assure adequate and economical telephone service for all residents of Ontario served by provincially regulated telephone systems;

- (b) to promote diversity and innovation in telephone services;
 - (c) to assure that all telephone services are provided at just and reasonable rates;
 - (d) to assure that telephone systems are responsive to the public interest and to the communications objectives of the Province of Ontario;
 - (e) to promote local and community participation in matters primarily affecting geographic communities; and
 - (f) to cooperate with regulatory bodies of other jurisdictions to coordinate the regulation of telephone services.
4. The Commission shall be guided in the exercise of its powers by the written policy directives of the Minister expressing the communications objectives of the Province of Ontario.
5. (a) The Minister may request the Commission to investigate and advise the Minister respecting any matter affecting the public interest in relation to telephone services.
- (b) The Minister may request that the investigation include a public hearing.
6. The Commission shall obtain the approval of the Minister prior to entering into any formal relationships with regulatory bodies of other jurisdictions.
7. The Minister shall consult the Commission in respect of changes in legislation which may affect the Commission, and in respect of any directives issued to the Commission under Section 4 above.

8. The Minister will not initiate reviews of Commission decisions under s. 18 of The Telephone Act in respect of the level of rates of any telephone system, or in respect of any question of law.

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III. REPORTING:

1. The Commission, through its Chairman, shall provide the following reports to the Minister, in addition to the Annual Report required by statute:
 - (a) a copy of each Commission decision and order;
 - (b) information and advice as appropriate concerning issues which arise out of the work of the Commission and which require the attention of the Minister or which is requested by the Minister.
 - (c) an annual assessment of the Commission's performance in furthering the objectives set out in article 3 of Section II above.

IV. FINANCIAL ARRANGEMENTS:

1. The Commission shall be responsible for preparing (with the assistance of Ministry of Transportation and Communications staff as outlined in Paragraph V(2) below) an annual budget to cover its financial requirements for each fiscal year.
2. The Commission shall submit this budget to the Minister for his approval and for forwarding to Management Board for its approval and inclusion in the Estimates.

3. The Commission's Estimates will be presented to the Legislature in conjunction with the Estimates of the Ministry of Transportation and Communications.

V. ADMINISTRATIVE ARRANGEMENTS:

1. The Commission, as a body administering provincial policy with public funds, is accountable to the Government for its use of those funds and will be treated by Management Board as an integral part of the Ministry of Transportation and Communications for the purposes of administrative controls. The Commission shall govern itself according to the Manual of Administration.
2. The Ministry shall provide the Commission with the following administrative services at no cost:
 - (a) administration of the Commission Budget, including payroll, expense accounts, cheque issuing, etc.;
 - (b) assistance in the preparation of Estimates and Multi-Year Forecasts;
 - (c) internal audit services;
 - (d) assistance in arranging for the leasing of accommodation, purchasing of equipment and the provision of miscellaneous supplies;
 - (e) advice on personnel matters as required;
 - (f) other administrative and support services as agreed.

The provision of these administrative services will be arranged by agreement between the Chairman of the Commission and the Assistant Deputy Minister (Administration) of the Ministry.

3. By arrangement between the Chairman of the Commission and the Executive Director of the Communications Division of the Ministry, the Commission shall have access to professional and technical Ministry staff to obtain advice in such areas as law, finance, economics and engineering.

The availability of Ministry staff will be subject to the provision that any such advice shall in no way alter the Commission's sole responsibility for making decisions on matters brought before it, nor will it bind the Minister to the point of view expressed by Ministry staff.

4. The Commission has the right to hire its own permanent staff subject to necessary approvals and within approved complement. The Commission will, however, keep the Ministry informed of organization, staffing and compensation arrangements.
5. Consultants and contract staff required by the Commission shall be hired and paid directly by it under appropriate Management Board regulations, and within the approved budget allocation contained in the annual estimates. The Chairman shall, however, consult the Executive Director of the Communications Division of the Ministry prior to signing any contract with a consultant.

6. On the request of the Minister, the Chairman will appear before Management Board in order to review the Commission's plans and performance.





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Government
Publications

1978 annual report



ONTARIO TELEPHONE
SERVICE COMMISSION



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Ministry of
Transportation &
Communications

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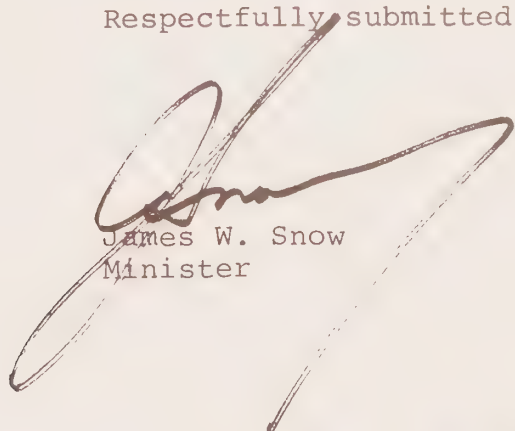
Ferguson Block
Queen's Park
Toronto Ontario

The Hon. Pauline M. McGibbon, OC, BA, LL.D.
Lieutenant Governor of Ontario
Legislative Building
Queen's Park

MAY IT PLEASE YOUR HONOUR

I beg leave to present the 1978 Annual Report
of the Ontario Telephone Service Commission for
the year ending December 31, 1978.

Respectfully submitted,



James W. Snow
Minister





Ontario
Telephone Service
Commission

Suite 200
3625 Dufferin St.
Downsview Ontario
M3K 1Z2
416/248-3831

December 31, 1978

The Hon. James W. Snow
Minister of Transportation and Communications
3rd Floor, Ferguson Block
Wellesley Street West
Toronto, Ontario

Dear Mr. Snow:

We have the honour to present herewith the
Annual Report of the Ontario Telephone Service
Commission for the year ending December 31,
1978.

Respectfully submitted,

Wladzia Bielski, Q.C.
Chairman

J. B. Webster
Vice-Chairman

E. A. Frith
Member

J. D. Misner
Member

M. E. Parry
Member

Frank Wall
Member

CONTENTS

INTRODUCTION	1
THE COMMISSION	4
1. External Liaison	4
i) Canadian Independent Telephone Association	4
ii) Ontario Telephone Association	4
iii) Canadian Association of Members of Public Utility Tribunals	5
iv) National Association of Regulatory Utility Commissioners	6
2. Major Activities	6
i) Uniform System of Accounts	6
ii) Rate Application Form	7
iii) Prince Rupert Committee	8
iv) Rate Applications	8
v) Sale and Amalgamation of Telephone Systems	9
THE TELEPHONE SYSTEMS	10
REGULATORY ISSUES	13
i) Boundary Dispute	13
ii) Extended Area Service and Call-Pac	14
iii) Equal Life Group (ELG)	15
iv) Quality of Telephone Service	17
APPENDICES	18
i) Type of Entity of the Independent Telephone Systems Operating in Ontario in 1978	19
ii) Size Distribution of the Independent Telephone Systems Operating in Ontario in 1978	19

CONTENTS

APPENDICES - continued

iii)	Net Growth of the Independent Telephone Industry in Ontario since 1971.	20
iv)	Summary of Independent Telephone Industry Data in 1978.	21
v)	Summary of Commission Orders Issued in 1978.	28
vi)	Complete list of Commission Orders Issued in 1978.	29
vii)	Map 1 - Independent Telephone Systems Operating in Northern Ontario.	38
viii)	Map 2 - Independent Telephone Systems Operating in Southern Ontario	39

INTRODUCTION

Canadians are particularly dependent on the telecommunications system which has evolved in this country. The fact that it is an integral part of our life style is obvious but there is no single aspect of telecommunications more important than the telephone and the system which supports it. It has an importance which is far reaching for the business sector of our economy and is indispensable for today's family in social interaction.

None of this is more true than in our Province of Ontario. In only five years the number of telephone calls per capita has increased almost fifteen percent and there are more telephones per 100 population than any other province with the exception of Alberta. The significance of this fact is even greater when one considers that Canadians are among the highest telephone users in the world.

Of the total telephones in Ontario, approximately five percent are served by the thirty-five independent telephone systems which are under the jurisdiction of the Ontario Telephone Service Commission. While the independents serve primarily a rural area, they represent a much wider service

area than the telephone count would suggest. Although a large concentration of the systems is found in the southwestern portion of the Province, there are systems found in every other region from the Ontario-Manitoba border in the northwest, to the Kingston area along the St. Lawrence River, to the Ontario-Quebec border in the northeast. (The exact locations of each telephone system may be found in appendices, maps 1 and 2.)

The independent telephone systems are very diverse in nature and in size, ranging from two hundred and fifteen telephones operated by Capital Telephone Company Limited to over 88,000 telephones operated by Thunder Bay Telecommunications. Of the thirty-five systems in Ontario, five are operated as public utilities, eleven as municipal systems, fourteen as incorporated companies, four as departments or subsidiaries of incorporated companies, and one is operated by the Ontario Telephone Development Corporation, a crown corporation.

In 1977, the Commission entered into a Memorandum of Understanding with the Minister of Transportation and Communications. The Memorandum outlines, in general terms, the objectives of the Commission respecting the regulation of the independent telephone systems under its jurisdiction. It further outlines the relationship between the Commission and the Minister, the Ministry of

Transportation and Communications, and other agencies of the Ontario Government.

The first and primary objective found in the Memorandum is to assure that adequate and economical telephone service is provided for all residents of Ontario served by provincially regulated telephone systems.

One method by which the Commission was able to test the level of telephone service being provided was through field hearings. Fourteen days of 1978 were devoted to field hearings during which the Commission met with the telephone users in their vicinity to discuss matters of telephone service. The Commission is convinced that the field hearings held over the last year increased considerably the degree of public participation in the regulatory process.

One of the most demanding objectives for the Commission is to assure just and reasonable rates for telephone service. "Just and reasonable" is a double-edged sword since it applies to both the telephone user and the telephone provider. Taking this objective into consideration the Commission held financial hearings, as deemed necessary, to fully investigate the financial status of a system, and any major undertakings.

THE COMMISSION

On August 1, 1978 David M. Duncan, Q.C., retired as Chairman of the Ontario Telephone Service Commission and was succeeded by Wladzia Bielski, Q.C. Mr. Duncan had served with the Commission for a period of five years during which time the complexity of the problems and issues dealt with by the Commission had changed dramatically. The Commission wishes to express its gratitude to Mr. Duncan for the effective leadership he provided.

1. EXTERNAL LIAISON

i) Canadian Independent Telephone Association

The Canadian Independent Telephone Association (CITA) held its seventy-third Annual Convention in Edmonton in September, 1978. The Chairman of the Commission was invited to address the convention and presented a paper entitled "A Regulator's View of the Future Role of the CITA".

ii) Ontario Telephone Association

The Ontario Telephone Association represents most of the thirty-five independent telephone companies which operate in Ontario. The Commission and the Ontario Telephone

Association have continued to meet quarterly to discuss matters and concerns of mutual interest. At meetings between the Commission and the Ontario Telephone Association during 1978, discussions included such important items as depreciation, toll agreements, directory assistance charges and automatic number identification.

iii) Canadian Association of Members of Public Utility
Tribunals (CAMPUT)

During 1978 the annual CAMPUT meeting was held in Edmonton and was attended by the Chairman of the Commission. Her involvement included the presentation of a paper dealing with the issue of interconnection of customer-owned equipment to an existing telephone network. Mrs. Bielski was also elected Chairman of the CAMPUT Subcommittee on Telecommunications.

The Subcommittee on Telecommunications met in October in Toronto and was hosted by the Commission. A wide range of papers were presented and discussed, including:

- delegation of regulatory functions within the framework of the present Canadian federalism;
- issues surrounding the Inter-Regulatory Committee respecting Trans-Canada Telephone System's rates and practices;
- proposal for a Clearing House of Telecommunications Regulatory Decisions;

- profitability tracking of special telecommunications services;
- regulated revenue relationships in rate structure.

Dr. Walter Bolter, Chief, Economics Division, Common Carrier Bureau of the Federal Communications Commission (FCC) in the United States, discussed "Current Developments in U.S. Telecommunications from a Regulatory Perspective". A staff member of the Commission also delivered a paper entitled "Terminal Interconnection".

iv) National Association of Regulatory Utility Commissioners

The Commission is an associate member of the National Association of Regulatory Utility Commissioners (NARUC). In 1978 the Commission's Chairman was appointed a member of the Staff Subcommittee of Administrative Law Judges. The object of this subcommittee is to prepare a model code for administrative law judges. The report when completed will be presented to NARUC at the annual convention. The Commission is also represented on the NARUC Subcommittee on Communications and the Staff Subcommittee on Toll Separations in order to monitor developments in regulatory matters.

2. MAJOR ACTIVITIES

i) Uniform System of Accounts

In 1978, a major project was undertaken by the Commission to develop a uniform system of accounts. The proposed system will aid the Commission in processing rate applications thereby reducing regulatory lag. It will also provide the

systems with a specific set of accounting instructions which will enable them to effectively and efficiently measure their financial results and allow the Commission to make inter-company comparisons.

In September, the Commission retained the services of a consultant to develop the uniform system of accounts for the independent telephone systems in Ontario. The development of the system of accounts is to be completed in four phases during 1979 and implemented in 1980. One of the most important aspects of the project is the involvement of the independent telephone industry. The Ontario Telephone Association has established an Accounting Committee which will liaise with the Commission staff and the consultant as each phase is completed. The Commission regards such direct involvement of the industry through the developmental stage essential to the success of the project.

ii) Rate Application Form

One aim of the Commission and its staff is to deal with each rate application effectively and expediently. To this end, the application form was revised and guidelines were developed for the industry. After consultation with the Ontario Telephone Association the revised rate application form came into use as of January 1, 1979. The revised rate application form provides the means by which a detailed financial analysis can be easily undertaken by each system in the process of filing a general rate application.

iii) Prince Rupert Committee

When the City of Prince Rupert applied for relief under its traffic agreement with the British Columbia Telephone Company, the Canadian Radio-television and Telecommunications Commission (CRTC) appointed a Committee of Inquiry to consider the application and make a recommendation. Mr. W.J. Withers of the Commission, Mr. S.C. MacPherson of the CRTC and Mr. H.J. Page of the British Columbia Ministry of Energy, Transport and Communications were appointed to the Committee.

The importance of this Committee, aside from its recommendations, is that the matter under review is one which is particularly appropriate for a coordinated approach between federal and provincial agencies. The work and findings of the Committee will be of interest to the Commission in view of the number of traffic agreements between Bell Canada and the independent telephone systems in Ontario.

iv) Rate Applications

Under The Telephone Act the Commission must approve all rates to be charged by a telephone system for services provided to its customers. During 1978 there were ten final orders issued respecting general rate increases.

The process of assessing a rate application is complex and requires detailed financial analysis. Notwithstanding the fact that there were a greater number of applications than in 1977, and generally of a more complex nature, the Commission is pleased to have been able to keep the average time period between the date of filing and the date of the final order to approximately six months.

The following telephone systems filed general rate applications which were considered by the Commission in 1978:

Cambray Telephone Company Limited
Huron Ontario Telephones Limited
Lansdowne Rural Telephone Company Limited
Manitoulin Island Telephone Company Limited
North Frontenac Telephone Company Limited
Northern Telephone Limited
Taylor Telephone Company Limited
Thunder Bay Telecommunications
Tuckersmith Municipal Telephone System
Westport Telephone Company Limited

v) Sale and Amalgamation of Telephone Systems

In June 1978 Bell Canada assumed responsibility for serving the territory of the Oakwood Telephone Company Limited. Oakwood was one of the few manual exchanges remaining in the Province and although Bell Canada purchased the system in 1976, the actual takeover was not completed until the exchange was fully converted to dial.

THE TELEPHONE SYSTEMS

The thirty-five independent telephone systems which operated in Ontario during 1978 fall into five classes according to the type of entity; incorporated companies, departments or subsidiaries of incorporated companies, municipal systems, systems operated by municipalities as public utilities and one system owned and operated by the Ontario Telephone Development Corporation, a crown corporation. A statistical breakdown of the thirty-five independent telephone systems may be found on page nineteen.

When the Ontario Telephone Authority, the predecessor to the present Commission, was established in 1954, there were four hundred and thirty-five independent systems in Ontario. Most of these were very small organizations with less than three hundred telephones. The few dial exchanges operated by independents were found mostly in urban areas. The Commission encouraged and assisted systems to convert to a modern dial operation and tried to persuade smaller systems to amalgamate with neighbouring systems in order to form units large enough to make dial conversion economically feasible. In 1978 only two manual exchanges remained.

Although there has been a reduction in the number of systems operating in the Province, the number of telephones operated by the remaining systems has increased substantially. In 1978 there were 275,000 telephones as compared to 188,000 telephones operated by fifty-one systems in 1970, and 176,000 telephones operated by four hundred and thirty-five systems in 1954.

Most of the thirty-five systems are undertaking or have completed major construction programs to upgrade the quality of service provided. Systems such as Amtelcom Inc. and Blanshard Municipal Telephone System have upgraded most of their rural areas to one and two-party telephone service. During 1978 a number of systems also developed plans to implement the new technology of digital switching. The Commission recognizes the importance of technological advancement in the industry and is pleased to see that the industry is taking the initiative to explore the possibility of using new technology to provide a higher quality of service to their subscribers.

A number of the independent telephone systems have also introduced automatic number identification (ANI). Basically, ANI means that there is automatic identification, recording and billing of the telephone number from where

the call is placed and, therefore, makes the process of direct dialed long distance calls more efficient. This is truly a circumstance where the three parties involved, the independent telephone system, the telephone users and the connecting companies benefit. For the telephone systems the benefit comes from the reduction of the cost of processing long distance calls. For the telephone user ANI means simpler and quicker access to long distance toll circuits and elimination of most billing errors.

REGULATORY ISSUES

The major regulatory issues which the Ontario Telephone Service Commission dealt with during 1978 are as follows:

i) Boundary Dispute

In 1978 the Commission dealt with a boundary dispute between two telephone systems operating in the small Village of Warwick in southwestern Ontario. In effect, two telephone systems were furnishing telephone service in the same area due to a disagreement as to the boundary of each serving territory.

The matter was brought before the Commission and it ordered the systems to develop a mutually acceptable boundary for consideration. The plan brought forward was found unacceptable to the Commission because it provided that both systems would continue to offer telephone services in the same territory. Besides the fact that such a plan meant a duplication of facilities, the Commission considered the plan to be discriminatory since dual service would not be available to all customers of the two telephone systems in their total operating area.

The Commission conducted a poll of the residents of the Village of Warwick in order to determine the community of interest and based on the results established a boundary for the serving territory of each system. The Commission, however, grandfathered the existing service, since it did not wish to penalize the customers because of the action of the two telephone systems.

ii) Extended Area Service and Call-Pac

Extended Area Service (EAS) is a term used to describe the service provided to a telephone subscriber allowing calls to be placed outside the local exchange area without incurring toll charges. At field hearings the Commission repeatedly heard demands for EAS. Many rural telephone users expressed a wish to call urban areas without paying toll charges each time a call was made.

Extended Area Service is not an optional calling plan nor is it free but is mandatory once it is implemented. Each telephone system participating in this plan is required to provide cable and switching equipment to make the service available to its customers. Because of the additional costs increases in rates are usually necessary, which apply to all customers in the service territory.

Call-Pac is an optional service which provides one-way toll calling to a prescribed exchange on a discount basis. Customers utilizing this plan, purchase an allotment of time for a given flat rate. The plan allows each customer to examine his or her calling needs and to subscribe to the plan if desired.

In 1978 the Commission approved an experimental Call-Pac program offered by the Community Telephone Company of Ontario Limited over four heavily used toll routes. During the year the Commission has monitored the impact of the experimental program. It will be completed early in 1979 and the Commission will, at that time, determine the effectiveness of the program. The Commission will also continue to encourage telephone systems to experiment with alternative calling plans to determine the most efficient and economical method of satisfying the calling needs of telephone users.

iii) Equal Life Group (ELG)

The Commission dealt with an application in 1978 which raised the question of depreciation methods and equal life group in particular. One of the fundamental objectives of depreciation accounting is to recover the capital invested

in depreciable plant over that plant's useful life. As a result of the above mentioned application, the Commission issued Order No. 3756 and in it stated that while the Commission shared the opinion of other authorities, that conceptually, ELG procedures were superior to other methods, the Commission judged that the practical application of ELG required further review.

In the same order the concern with the sensitivity of the ELG method to variations between the observed and estimated service lives was expressed. The Commission holds the view that before it can authorize the use of ELG it must be satisfied that the results of using this method are acceptable.

This requires that the Commission have sufficient information to assess the accuracy of the mortality data and the calculations used to determine service lives. It also requires that the Commission be aware of factors such as the telephone system's policy and future plans that have affected engineering judgements. It was the Commission's decision, in 1978, that a uniform system of accounts must be in place as a prerequisite to any consideration of approval of ELG rates or changes in depreciation methods and practices.

iv) Quality of Telephone Service

The quality of telephone service varies throughout the Province of Ontario. Many telephone users are enjoying a very high standard of service because of major construction programs undertaken by some of the independent systems. Other customers, however, do not have a quality of service which the Commission feels should be provided. In 1978 the Commission held a number of field hearings where the quality of service and pool repair maintenance were two recurring complaints. Telephone users at the hearings clearly expressed the view that they were not being provided with reliable service. Since one of the primary roles of the Commission is to assure adequate and reliable service, the Commission ordered telephone systems to take corrective action where necessary, and will continue to monitor the results.

APPENDICES

APPENDIX i)

Type of Entity of the Independent Telephone Systems
Operating in Ontario in 1978

	Systems		Telephones	
	No.	%	No.	%
Systems operated as public utilities by municipal corporations	5	14.2	106,330	38.7
Municipal systems	11	31.4	32,443	11.8
Incorporated companies	14	40.0	60,056	21.8
Departments or subsidiaries of incorporated companies	4	11.4	74,738	27.2
Ontario Telephone Development Corporation	<u>1</u>	<u>3.0</u>	<u>1,349</u>	<u>.5</u>
TOTAL	35	100.0	274,916	100.0

APPENDIX ii)

Size Distribution of the Independent Telephone Systems
Operating in Ontario in 1978*

No. of Telephones	No. of Systems	%
0 - 500	2	5.7
501 - 1,000	2	5.7
1,001 - 2,000	14	40.0
2,001 - 3,000	5	14.3
3,001 - 4,000	3	8.6
4,001 - 5,000	3	8.6
5,001 - 10,000	2	5.7
10,001 - 50,000	2	5.7
50,001 - 100,000	<u>2</u>	<u>5.7</u>
	35	100.0

* The largest system is Thunder Bay Telecommunications with 88,396 total telephones and the smallest is Capital Telephone Company Limited with 215 total telephones.

APPENDIX iii)

Net growth of the Telephone Industry in Ontario
since 1971.

Dec. 31	No. of Systems	No. of Telephones	% Change
1971	40	194,942	3.39
1972	40	205,470	5.40
1973	40	216,007	5.13
1974	40	227,810	5.93
1975	40	240,700	6.94
1976	39	258,161	5.50
1977	36	262,363	1.63
1978	35	274,916	4.78

SUMMARY OF INDEPENDENT TELEPHONE SYSTEMS DATA AS AT DECEMBER 31, 1978

GROUP	NAME OF SYSTEM	OPERATING HEAD	ADDRESS AND TELEPHONE NUMBER	EXCHANGES	TELEPHONE NUMBERS (A)	OTHER TELEPHONES (B)	TOTAL	TOTAL COMPANY TELEPHONES
4	Abitibi Paper Company Limited	F.R. Robar Electrical Superintendent	Iroquois Falls P0K 1E0 (705) 258-3241	Iroquois Falls	723	391	1,114	1,114
3	Amtelecom Incorporated (formerly Aylmer and Malahide Telephone Company Limited)	Roy B. Barnard President and General Manager	18 Sydenham St. East Aylmer N5H 1L2 (519) 773-8441	Aylmer Port Burwell Stratfordville	4,428 641 1,007 <u>6,076</u>	2,231 216 333 <u>2,780</u>	6,659 857 1,340 <u>8,856</u>	8,856
2	Blanshard Municipal Telephone System	Lloyd Mardlin Manager	Kirkton N0M 1S0 (519) 229-8933	Granton Kirkton Sebringville Uniondale	523 932 1,005 382 <u>2,842</u>	242 455 407 149 <u>1,253</u>	765 1,387 1,422 531 <u>4,095</u>	4,095
2	Brooke Municipal Telephone System	Wilfred Chapman Manager	P.O. Box 40 Inwood N0N 1K0 (519) 844-2160	Alvinston (S) Inwood Watford (S)	289 544 535 <u>1,368</u>	90 126 94 <u>310</u>	379 670 629 <u>1,678</u>	1,678
2	Bruce Municipal Telephone System	Jim Scurfield Manager	P.O. Box 580 Kincardine N0G 2G0 (519) 396-3322	Kincardine Paisley Port Elgin Tiverton	3,280 858 3,061 1,058 <u>8,257</u>	1,428 261 1,103 242 <u>3,034</u>	4,708 1,119 4,164 1,300 <u>11,291</u>	11,291
3	Cambray Telephone Company Limited	Sandra Simmons Head Operator	General Delivery Cambray K0M 1E0 (705) 374 - Cambray "700"	Cambray (M)	594	70	664	664
3	Capital Telephone Company Limited	R.G. Bartlett Vice President and General Manager	P.O. BOX 9800 Don Mills M3C 2T9 (416) 929-7097	Maberly	165	50	215	215

GROUP	NAME OF SYSTEM	OPERATING HEAD	ADDRESS AND TELEPHONE NUMBER	EXCHANGES	TELEPHONE NUMBERS (A)	OTHER TELEPHONES (B)	TOTAL	TOTAL COMPANY TELEPHONES
1	Cochrane Municipal Telephone System	R.V. Nichols Acting-Secretary Treasurer	Public Utilities Commission of Cochrane P.O. Box 640 153 Sixth Ave. Cochrane P0L 1C0 (705) 272-4232	Cochrane	2,124	1,223	3,347	3,347
2	Coldwater Municipal Telephone System	Aulden Silk Supervisory Engineer	P.O. Box 202 Coldwater L0K 1E0 (705) 686-3698	Coldwater	728	225	953	953
3	Community Telephone Company of Ontario Limited	J.R. Strong District Manager	107 Broad St. East Dunnville N1A 2X3 (416) 774-7511	Adolphustown Bath Caledonia Drayton Dunnville Elgin Erin Hillsburgh Inverary Kerwood Nairn Newburgh Odessa Orono Portland Seeley's Bay Selby Strathroy (S) Sunderland Tamworth Yarker	394 735 2,802 1,233 4,683 749 1,359 940 1,194 454 416 587 985 1,395 807 713 398 165 1,117 478 323 21,927	106 703 1,284 528 2,166 252 692 483 316 264 222 190 287 654 280 201 152 177 590 136 85 9,768	500 1,438 4,086 1,761 6,849 1,001 2,051 1,423 1,510 718 638 777 1,272 2,049 1,087 914 550 342 1,707 614 408 31,695	
1	Dryden Municipal Telephone System	B.H. Moline Operations Manager	30 Van Horne Avenue Dryden P8N 2A7 (807) 223-2226	Dryden	2,838	1,971	4,809	4,809

SUMMARY OF INDEPENDENT TELEPHONE SYSTEMS DATA AS AT DECEMBER 31, 1978							
GROUP	NAME OF SYSTEM	OPERATING HEAD	ADDRESS AND TELEPHONE NUMBER	EXCHANGES	TELEPHONE NUMBERS (A)	OTHER TELEPHONES (B)	TOTAL COMPANY TELEPHONES
3	Durham Telephones Limited	John E. Downs General Manager	63 Brule Gdns. Toronto M6S 4J5 (416) 767-4042	Cavan Millbrook	296 749 <u>1,045</u>	84 268 <u>352</u>	380 1,017 <u>1,397</u>
2	Gosfield North Municipal Telephone System	Jack Helkie Manager	P.O. Box 130 Cottam N0R 1B0 (519) 839-4733	Cottam	1,042	308	1,350
2	Hay Municipal Telephone System	W.H. Wagner Manager and Secretary- Treasurer	P.O. Box 99 Zurich N0M 2T0 (519) 236-4333	Dashwood Grand Bend	424 1,500 <u>1,924</u>	171 516 <u>687</u>	595 2,016 <u>2,611</u>
2	Huron & Kinloss Municipal Telephone System	C. Nicholson Manager	P.O. Box 39 Ripley N0G 2R0 (519) 395-2625	Dungannon Ripley	782 1,559 <u>2,341</u>	196 509 <u>705</u>	978 2,068 <u>3,046</u>
3	Hurontario Telephones Limited	Keith Stevens General Manager and Secretary	Thedford N0M 2N0 (519) 462-2844	Port Franks Thedford	750 527 <u>1,277</u>	182 182 <u>364</u>	932 709 <u>1,641</u>
1	Keewatin Municipal Telephone System	E.A. Sherred Secretary - Municipal Clerk- Treasurer	P.O. Box 139 Keewatin P0X 1C0 (807) 547-2881	Keewatin	722	350	1,072
1	Kenora Municipal Telephone System	Art Jorgenson Manager	P.O. Box 1110 Kenora P9N 3X7 (807) 468-8906	Kenora	4,882	3,824	8,706
3	Lansdowne Rural Telephone Company Limited	Robert P. Crawford Manager	P.O. Box 9 Lansdowne K0E 1L0 (613) 659-2222	Lansdowne	1,194	425	1,619

GROUP	NAME OF SYSTEM	OPERATING HEAD	ADDRESS AND TELEPHONE NUMBER	EXCHANGES	TELEPHONE NUMBERS (A)	OTHER TELEPHONES (B)	TOTAL	TOTAL COMPANY TELEPHONES
4	Manitoulin Island Telephone Company Limited	R.B. Barnard General Manager and Secretary	Mindemoya P0P 1S0 (705) 377-5353	Manitowaning Mindemoya	837 807 <u>1,644</u>	251 249 <u>500</u>	1,088 <u>1,056</u> 2,144	2,144
2	Mornington Municipal Telephone System	D.E. Schlotzhauer Secretary - Treasurer	15 Fulton St. Milverton N0K 1M0 (519) 595-8331	Milverton	1,457	579	2,036	2,036
3	North Frontenac Telephone Company Limited	Enid Schmidt President	P.O. BOX 130 Baden N0B 1G0 (519) 634-5300	Parham Sharbot Lake	346 608 <u>954</u>	58 144 <u>202</u>	404 752 <u>1,156</u>	1,156
2	North Norwich Municipal Telephone System	Ardyth Williams Secretary -Treasurer	P.O. Box 33 Burgessville N0J 1C0 (519) 492-9171	Burgessville Norwich (S) Woodstock (S)	824 292 239 <u>1,355</u>	274 106 128 <u>508</u>	1,098 398 367 <u>1,863</u>	1,863
3	North Renfrew Telephone Company Limited	Walter Vandekemp Manager and Secretary - Treasurer	P.O. Box 70 Beachburg K0J 1C0 (613) 582-3600	Beachburg Pembroke (S) Westmeath	503 213 303 <u>1,019</u>	163 95 62 <u>320</u>	666 308 365 <u>1,339</u>	1,339
4	Northern Telephone Limited	Murray Cooper President and General Manager	17 Paget Street Box H New Liskeard P0J 1P0 (705) 647-7311	Abitibi Canyon Ansonville Calstock Cobalt Cochrane (S) Connaught Earlton Elk Lake Englehart Fauquier Gowganda Haileybury Hearst Kamiskotia Kapuskasing Kirkland Lake	114 1,863 113 876 534 98 787 189 1,321 249 68 1,673 2,430 43 4,777 4,991	152 658 43 348 130 24 260 65 530 58 16 884 1,659 6 3,569 2,584	266 2,521 156 1,224 664 122 1,047 254 1,851 307 84 2,557 4,089 49 8,346 7,575	

SUMMARY OF INDEPENDENT TELEPHONE SYSTEMS DATA AS AT DECEMBER 31, 1978							
GROUP	NAME OF SYSTEM	OPERATING HEAD	ADDRESS AND TELEPHONE NUMBER	EXCHANGES	TELEPHONE NUMBERS (A)	OTHER TELEPHONES (B)	TOTAL COMPANY TELEPHONES
	Northern Telephone Limited (continued)			Larder Lake Latchford Matachewan Matheson Mattice Moonbeam New Liskeard Opasatika Opishang Ramore Smooth Rock Falls South Porcupine Swastika Timmins Val Gagne Virginiatown	424 132 138 628 305 459 3,362 126 7 323 887 2,646 670 13,621 252 443 44,549	100 41 46 275 94 151 2,464 49 1 86 386 1,915 276 8,071 127 150 25,218	524 173 184 903 399 610 5,826 175 8 409 1,273 4,561 946 21,692 379 593 69,767
5	Ontario Telephone Development Corporation	R.P. Bulger Director Communications Operations Branch	1201 Wilson Ave. East Building Downsview M3M 1J8 (416) 248-3711	Burks Falls (S) Emsdale Magnetawan Sprucedale	136 544 327 164 1,171	20 87 46 25 178	156 631 373 189 1,349
2	Otonabee Municipal Telephone System	John Down Plant Manager	P.O. Box 40 Keene K0L 2G0 (705) 295-4412	Keene	829	263	1,092
3	People's Telephone Company of Forest Limited, The	Russell H. Sutherland Manager	P.O. Box 700 Forest N0N 1J0 (519) 873-2531	Aberarder Arkona Forest	594 466 2,032 3,092	138 199 825 1,162	732 665 2,857 4,254
3	Roxborough Telephone Company Limited	J.W. Beach Manager	P.O. Box 179 Moose Creek K0C 1W0 (613) 538-2800	Moose Creek	362	123	485

GROUP	NAME OF SYSTEM	OPERATING HEAD	ADDRESS AND TELEPHONE NUMBER	EXCHANGES	TELEPHONE NUMBERS (A)	OTHER TELEPHONES (B)	TOTAL	TOTAL COMPANY TELEPHONES
3	South Bruce Rural Telephone Company Limited	Andrew McTavish Manager and Secretary- Treasurer	Teeswater N0G 2S0 (519) 392-6873	Mildmay Teeswater	1,011 914 <u>1,925</u>	232 200 <u>432</u>	1,243 1,114 <u>2,357</u>	2,357
4	Taylor Telephone Company Limited	Roy B. Barnard General Manager and Secretary	Lion's Head N0H 1W0 tel: Lion's Head 107	Dyer's Bay Lion's Head (M) Stoke's Bay Tobermory	117 746 87 <u>393</u> 1,343	32 195 22 <u>121</u> 370	149 941 109 <u>514</u> 1,713	1,713
1	Thunder Bay Telecommunications	H.W. McKinnon Director	241 Vickers St. South Thunder Bay P7E 1J5 (807) 623-2711	Court Street Current River MacKenzie Murillo Riverview Rosslyn Shuniah Vickers Street	15,769 2,328 612 587 8,368 1,767 6,363 <u>15,805</u> 51,599	12,366 1,125 123 197 6,982 512 2,879 <u>12,613</u> 36,797	28,135 3,453 735 784 15,350 2,279 9,242 <u>28,418</u> 88,396	88,396
2	Tuckersmith Municipal Telephone System	Mel Graham Manager and Secretary- Treasurer	R.R. 1 Brucefield NOM 1J0 (519) 482-9908	Bayfield Clinton (S) Hensall (S) Seaforth (S)	647 342 365 <u>413</u> 1,767	188 158 162 <u>153</u> 661	835 500 527 566 <u>2,428</u>	2,428
3	Westport Telephone Company Limited, The	H.A. Lynn Manager	R.R. #2 Westport K0G 1X0 (613) 273-2121	Westport	881	284	1,165	1,165
3	Wightman Telephone Limited	R. Wightman President	15 William St. P.O. Box 70 Clifford N0G 1M0 (519) 327-8014	Ayton Clifford Gorrie Neustadt	384 556 1,043 <u>318</u> 2,301	159 211 448 94 <u>912</u>	543 767 1,491 <u>412</u> 3,213	3,213
	TOTALS				178,317	96,599	274,916	274,916

SUMMARY OF INDEPENDENT TELEPHONE SYSTEMS DATA AS AT DECEMBER 31, 1978						
NAME OF SYSTEM	OPERATING HEAD	ADDRESS AND TELEPHONE NUMBER	EXCHANGES	TELEPHONE NUMBERS (A)	OTHER TELEPHONES (B)	TOTAL COMPANY TELEPHONES
<p>GROUPS:</p> <p>1--Systems established under The Telephone Act by municipal corporations and operated as public utilities.</p> <p>2--Systems established under The Telephone Act by, and vested in municipal corporations in trust for the benefit of the subscribers and operated by the municipal council or by a commission elected by the subscribers.</p> <p>3--Incorporated companies.</p> <p>4--Systems operated as departments or subsidiaries of incorporated companies.</p> <p>5--Systems operated by the Province of Ontario.</p> <p>NOTES:</p> <p>(A) Main telephones and PBX trunk lines.</p> <p>(B) Extensions and coin telephones.</p> <p>(M) Manual exchange.</p> <p>(S) Indicates the exchange to which service system lines connect.</p>						

APPENDIX v)

SUMMARY of COMMISSION ORDERS ISSUED - 1978

During the year a total of 199 orders were issued by the Commission for the undermentioned purposes under the following sections of The Telephone Act:

<u>SECTION</u>	<u>NO. OF ORDERS</u>
6 Proposed application denied.....	2
10 Previous order revoked.....	1
73 Prescribing date of Annual Meeting of subscribers.....	1
88 Approval of company by-laws and special resolutions.....	7
91 Approval to interconnect customer owned equipment.....	1
92 Settle dispute between two systems.....	3
94 Request for telephone service....	3
96 Approval of agreements for inter- change of service between systems.116	
102 Approval of agreement that may have effect of increasing the cost of telephone service.....	1
105 Request for changes in local telephone rates.....	49
106 Approval to temporarily with- draw a service charge or prevent discrimination through concession rates.....	4
108 Prescribing depreciation practices	2
109 Approval to issue evidence of indebtedness.....	9

	<u>199</u>

COMMISSION ORDERS ISSUED - 1978				
ORDER NO.	DATE ISSUED	APPLICANT	PURPOSE	EFFECTIVE
3595	78 01 20	Community Telephone Company of Ontario Limited	Approval to issue evidence of indebtedness.	78 01 20
3596	78 01 23	Lansdowne Rural Telephone Company Limited	Approval of rates for special answering and security equipment.	78 01 23
3597	78 01 26	Lansdowne Rural Telephone Company Limited	Approval to expend monies carried to the Depreciation Reserve Fund.	78 01 26
3598	78 01 26	Lansdowne Rural Telephone Company Limited	Approval to issue evidence of indebtedness.	78 01 26
3599	78 01 30	Northern Telephone Limited	Approval of Appendix B, Section I, to the Traffic Agreement with Ontario Northland Transportation Commission.	78 01 30
3600	78 01 30	Aylmer & Malahide Telephone Company Limited	Approval of Supplement No. ...24	78 01 30
3601	78 01 30	Bruce Municipal Telephone System	...20	78 01 30
3602	78 01 30	Blanshard Municipal Telephone System	...25	78 01 30
3603	78 01 30	Capital Telephone Company Limited	...12	78 01 30
3604	78 01 30	Community Telephone Company of Ontario Limited, Central Area	...19	78 01 30
3605	78 01 30	Community Telephone Company of Ontario Limited, Western Area	...28	78 01 30
3606	78 01 30	Dryden Municipal Telephone System	... 7	78 01 30
3607	78 01 30	Hay Municipal Telephone System	...17	78 01 30
3608	78 01 30	Huronario Telephones Limited	... 8	78 01 30
3609	78 01 30	Kenora Municipal Telephone System	... 8	78 01 30
3610	78 01 30	Lansdowne Rural Telephone Company Limited	...11	78 01 30
3611	78 01 30	Manitoulin Island Telephone Company Limited	... 6	78 01 30
3612	78 01 30	Muskoka & Parry Sound Telephone Company Limited	...17	78 01 30
3613	78 01 30	North Renfrew Telephone Company Limited	...14	78 01 30
3614	78 01 30	North Frontenac Telephone Company Limited	... 5	78 01 30
3615	78 01 30	North Norwich Municipal Telephone System	...13	78 01 30
3616	78 01 30	People's Telephone Company of Forest, Limited	...16	78 01 30
3617	78 01 30	Roxborough Telephone Company Limited	... 6 ... to the Traffic	78 01 30

ORDER NO.	DATE ISSUED	APPLICANT	PURPOSE	EFFECTIVE
3618	78 01 30	Tuckersmith Municipal Telephone System	Approval of Supplement No. ...12	78 01 30
3619	78 01 30	Westport Telephone Company Limited	... 6	78 01 30
3620	78 01 30	Wightman Telephone Limited	...14 ... to the Traffic Agreement with Bell Canada.	78 01 30
3621	78 01 30	Aylmer & Malahide Telephone Company Limited	)	78 01 30
3622	78 01 30	Community Telephone Company of Ontario Limited, Western Area	)	78 01 30
3623	78 01 30	Dryden Municipal Telephone System	)	78 01 30
3624	78 01 30	Hay Municipal Telephone System	)	78 01 30
3625	78 01 30	Huron Ontario Telephones Limited	)	78 01 30
3626	78 01 30	Kenora Municipal Telephone System	)	78 01 30
3627	78 01 30	Lansdowne Rural Telephone Company Limited	) Approval of Alternate Appendix B to the Traffic Agreement with Bell Canada.	78 01 30
3628	78 01 30	Community Telephone Company of Ontario Limited, Central Area	)	78 01 30
3629	78 01 30	Capital Telephone Company Limited	)	78 01 30
3630	78 01 30	Blanshard Municipal Telephone System	)	78 01 30
3631	78 01 30	Bruce Municipal Telephone System	)	78 01 30
3632	78 01 30	Wightman Telephone Limited	)	78 01 30
3633	78 01 30	Westport Telephone Company Limited	)	78 01 30
3634	78 01 30	Thunder Bay Telephone Department	) Approval of Supplement No. 9 to the Traffic Agreement with Bell Canada.	78 01 30
3635	78 01 30	Roxborough Telephone Company Limited	)	78 01 30
3636	78 01 30	Tuckersmith Municipal Telephone System	)	78 01 30
3637	78 01 30	North Norwich Municipal Telephone System	)	78 01 30
3638	78 01 30	People's Telephone Company of Forest, Limited	)	78 01 30
3639	78 01 30	North Frontenac Telephone Company Limited	) Approval of Alternate Appendix B to the Traffic Agreement with Bell Canada.	78 01 30
3640	78 01 30	North Renfrew Telephone Company Limited	)	78 01 30
3641	78 01 30	Muskoka & Parry Sound Telephone Company Limited	)	78 01 30
3642	78 01 30	Thunder Bay Telephone Department	)	78 01 30

COMMISSION ORDERS ISSUED - 1978					
ORDER NO.	DATE ISSUED	APPLICANT	PURPOSE	EFFECTIVE	
3643	78 01 30	Manitoulin Island Telephone Company Limited	Approval of Alternate Appendix B to the Traffic Agreement with Bell Canada.	78 01 30	
3644	78 02 03	Brooke Municipal Telephone System	Approval of Supplement No. 10 to the Traffic Agreement with Bell Canada.	78 02 03	
3645	78 02 03	Brooke Municipal Telephone System	Approval of Alternate Appendix B to the Traffic Agreement with Bell Canada.	78 02 03	
3646	78 02 06	Mornington Municipal Telephone System	Approval of Supplement No. ...12	78 02 06	
3647	78 02 06	Gosfield North Municipal Telephone System	...12	78 02 06	
3648	78 02 06	Durham Telephones Limited	...11 ... to the Traffic Agreement with Bell Canada.	78 02 06	
3649	78 02 06	Mornington Municipal Telephone System	)	78 02 06	
3650	78 02 06	Durham Telephones Limited	) Approval of Alternate Appendix B to the Traffic Agreement with Bell Canada.	78 02 06	
3651	78 02 06	Gosfield North Municipal Telephone System	)	78 02 06	
3652	78 02 08	Huron and Kinloss Municipal Telephone System	) Approval of Supplement No. 13 to the Traffic Agreement with Bell Canada.	78 02 08	
3653	78 02 08	Huron and Kinloss Municipal Telephone System	) Approval of Alternate Appendix B to the Traffic Agreement with Bell Canada.	78 02 08	
3654	78 02 16	Community Telephone Company of Ontario Limited	) Approval of rates for SL-1 PBX equipment.	78 02 15	
3655	78 02 17	Hay Municipal Telephone System	Approval to levy late payment charges.	78 04 01	
3656	78 02 17	Huron and Kinloss Municipal Telephone System	Approval of Supplement No. ...14	78 02 17	
3657	78 02 17	Gosfield North Municipal Telephone System	...12 ... to the Traffic Agreement with Bell Canada.	78 02 17	
3658	78 02 17	People's Telephone Company of Forest, Limited	Approval of rates for SG-1E PABX equipment.	78 02 17	
3659	78 02 17	Wightman Telephone Limited	Approval of Supplement No. 15 to the Traffic Agreement with Bell Canada.	78 02 17	
3660	78 02 17	Kenora Municipal Telephone System	Approval of rates for touchtone and digipulse telephones.	78 02 17	
3661	78 02 20	Huronario Telephones Limited	Denial of additional revenue after previous award from same rate application.	78 02 20	
3662	78 03 17	Thunder Bay Telephone Department	Approval of an increase in revenue requirement.	78 03 17	
3663	78 03 17	Tuckersmith Municipal Telephone System	Approval of an increase in revenue requirement.	78 04 01	

ORDER NO.	DATE ISSUED	APPLICANT	PURPOSE	EFFECTIVE
3664	78 03 17	Westport Telephone Company Limited	Approval of rates for special answering and security equipment.	78 03 17
3665	78 03 17	Community Telephone Company of Ontario Limited	Approval of Special Resolution to amalgamate with Tel-Elec Line Construction and Supply Limited.	78 03 17
3666	78 03 17	Bruce Municipal Telephone System	Approval to interconnect customer-provided equipment to system.	78 03 17
3667	78 03 17	Northern Telephone Limited	Approval to conduct Spring Sales Campaign.	78 05 08 -78 06 16
3668	78 03 17	Brooke Municipal Telephone System and People's Telephone Company of Forest, Limited	Order to each company requiring senior officials to appear before Commission to discuss boundary dispute.	78 04 11
3669	78 03 20	Otonabee Municipal Telephone System	Approval of Alternate Appendix B to the Traffic Agreement with Bell Canada.	78 03 20
3670	78 03 20	Otonabee Municipal Telephone System	Approval of Supplement No. 9 to the Traffic Agreement with Bell Canada.	78 03 20
3671	78 03 20	Keewatin Municipal Telephone System	Approval of Alternate Appendix B to the Traffic Agreement with Bell Canada.	78 03 20
3672	78 03 20	Keewatin Municipal Telephone System	Approval of Supplement No. ... 7	78 03 20
3673	78 03 20	Coldwater Municipal Telephone System	... 9 ... to the Traffic Agreement with Bell Canada.	78 03 20
3674	78 03 20	Coldwater Municipal Telephone System	Approval of Alternate Appendix B to the Traffic Agreement with Bell Canada.	78 03 20
3675	78 03 20	South Bruce Rural Telephone Company Limited	Approval of Supplement No. 15 to the Traffic Agreement with Bell Canada.	78 03 20
3676	78 03 20	South Bruce Rural Telephone Company Limited	Approval of Alternate Appendix B to the Traffic Agreement with Bell Canada.	78 03 20
3663A	78 03 29	Tuckersmith Municipal Telephone System	Order No. 3663 revoked.	78 03 29
3677	78 03 29	Tuckersmith Municipal Telephone System	Approval of a revised increase in revenue requirement.	78 04 01
3678	78 03 31	Thunder Bay Telephone Department	Approval of a general increase in rates.	78 04 01
3679	78 04 11	Brooke Municipal Telephone System and People's Telephone Company of Forest, Limited	Order to cease installation of new services in the Village of Warwick.	78 04 11
3680	78 04 14	Community Telephone Company of Ontario Limited	Denial of special service rates for Rideau Lake and Canal areas.	78 04 14
3681	78 04 14	Northern Telephone Limited	Approval of Data Service Agreement with North Norwich Municipal Telephone System.	78 04 14
3682	78 04 14	Lansdowne Rural Telephone Company Limited	Approval of a general increase in rates.	78 05 01

COMMISSION ORDERS ISSUED - 1978				
ORDER NO.	DATE ISSUED	APPLICANT	PURPOSE	EFFECTIVE
3683	78 04 14	Thunder Bay Telecommunications	Approval of Traffic Operator Position System (TOPS) Agreement with Bell Canada.	78 04 14
3684	78 04 19	Thunder Bay Telecommunications		78 04 19
3685	78 05 05	Northern Telephone Limited		78 05 05
3686	78 05 05	Aylmer & Malahide Telephone Company Limited		78 05 05
3687	78 05 19	Aylmer & Malahide Telephone Company Limited		78 05 19
3688	78 05 19	Blanshard Municipal Telephone System		78 05 19
3689	78 05 19	Bruce Municipal Telephone System		78 05 19
3690	78 05 19	Capital Telephone Company Limited		78 05 19
3691	78 05 19	Community Telephone Company of Ontario Limited, Central Area		78 05 19
3692	78 05 19	Community Telephone Company of Ontario Limited, Western Area		78 05 19
3693	78 05 19	Dryden Municipal Telephone System	Approval of Alternate Appendix B Revised to the Traffic Agreement with Bell Canada.	78 05 19
3694	78 05 19	Durham Telephones Limited		78 05 19
3695	78 05 19	Hay Municipal Telephone System		78 05 19
3696	78 05 19	Huronario Telephones Limited		78 05 19
3697	78 05 19	Lansdowne Rural Telephone Company Limited		78 05 19
3698	78 05 19	Manitoulin Island Telephone Company Limited		78 05 19
3699	78 05 19	Mornington Municipal Telephone System		78 05 19
3700	78 05 19	North Frontenac Telephone Company Limited		78 05 19
3701	78 05 19	Gosfield North Municipal Telephone System		78 05 19
3702	78 05 19	North Norwich Municipal Telephone System		78 05 19
3703	78 05 19	Oakwood Telephone Company Limited		78 05 19
3704	78 05 19	People's Telephone Company of Forest, Limited		78 05 19
3705	78 05 19	Roxborough Telephone Company Limited		78 05 19

ORDER NO.	DATE ISSUED	APPLICANT	PURPOSE	EFFECTIVE
3706	78 05 19	South Bruce Rural Telephone Company Limited	)	78 05 19
3707	78 05 19	Cambray Telephone Company Limited	)	78 05 19
3708	78 05 19	Thunder Bay Telecommunications	)	78 05 19
3709	78 05 19	Tuckersmith Municipal Telephone System	)	78 05 19
3710	78 05 19	Westport Telephone Company Limited	)	78 05 19
3711	78 05 19	Wightman Telephone Limited	)	78 05 19
3712	78 05 19	North Renfrew Telephone Company Limited	)	78 05 19
3713	78 05 19	North Norwich Municipal Telephone System	)	78 05 19
3714	78 05 19	Coldwater Municipal Telephone System	Approval to issue evidence of indebtedness.	78 05 19
3715	78 05 23	Roxborough Telephone Company Limited	Approval of service charge to install or connect telephone service.	78 05 23
3716	78 05 23	Thunder Bay Telecommunications	Approval to levy late payment charges.	78 05 23
3717	78 05 25	Community Telephone Company of Ontario Limited, Western Area	Approval of Supplement No. ...11	78 05 23
3718	78 05 25	Community Telephone Company of Ontario Limited, Central Area	...29	78 05 25
3719	78 05 31	Aylmer & Malahide Telephone Company Limited	...20 ... to the Traffic Agreement with Bell Canada.	78 05 25
3720	78 05 31	Aylmer & Malahide Telephone Company Limited	Approval of By-law No. 46 of the Corporation.	78 05 31
3721	78 06 05	Cambray Telephone Company Limited	Approval of By-law No. 47 of the Corporation.	78 05 31
3722	78 06 05	Lansdowne Rural Telephone Company Limited	Approval to bill customer on a monthly basis for a construction charge.	78 06 05
3723	78 06 12	Brooke Municipal Telephone System	Approval of charges and rates for cable pairs.	78 06 05
3724	78 06 12	Kenora Municipal Telephone System	Approval of Alternate Appendix B Revised to the Traffic Agreement with Bell Canada.	78 06 12
3725	78 06 12	Kenora Municipal Telephone System	Approval of Supplement No. 9 to the Traffic Agreement with Bell Canada.	78 06 12
3726	78 06 15	Northern Telephone Limited	Approval of Alternate Appendix B Revised to the Traffic Agreement with Bell Canada.	78 06 12
3727	78 06 19	Huron & Kinloss Municipal Telephone System	Approval of By-law No. 5 of the Corporation.	78 06 15
3728	78 06 21	North Frontenac Telephone Company Limited	Approval of Alternate Appendix B Revised to the Traffic Agreement with Bell Canada.	78 06 19
			Approval of a general increase in rates.	78 07 01

COMMISSION ORDERS ISSUED - 1978				
ORDER NO.	DATE ISSUED	APPLICANT	PURPOSE	EFFECTIVE
3729	78 06 21	Community Telephone Company of Ontario Limited	Denial of proposed depreciation rates.	78 06 21
3730	78 06 22	Tuckersmith Municipal Telephone System	Approval to issue evidence of indebtedness.	78 06 22
3731	78 06 23	Northern Telephone Limited	Approval of an increase in revenue requirement (interim order).	78 06 23
3732	78 06 23	Taylor Telephone Company Limited	Approval of a general increase in rates (interim order).	78 07 01
3733	78 06 23	Coldwater Municipal Telephone System	Approval to levy late payment charges.	78 06 23
3734	78 06 26	Coldwater Municipal Telephone System	Approval of Alternate Appendix B Revised to the Traffic Agreement with Bell Canada.	78 06 26
3735	78 06 26	Blanshard Municipal Telephone System	Approval of a general increase in rates for the Kirkton exchange, Zone B.	Conditional
3736	78 06 26	Keewatin Municipal Telephone System	Approval of Supplement No. 8 to the Traffic Agreement with Bell Canada.	78 06 26
3737	78 06 27	Keewatin Municipal Telephone System	Approval of Alternate Appendix B Revised to the Traffic Agreement with Bell Canada.	78 06 26
3738	78 06 27	Otonabee Municipal Telephone System	Approval of Alternate Appendix B Revised to the Traffic Agreement with Bell Canada.	78 06 27
3739	78 06 23	Otonabee Municipal Telephone System	Approval to hold late Annual Meeting (June 26, 1978).	78 06 26
3740	78 06 27	Brooke Municipal Telephone System	Approval to provide service.	78 06 27
3741	78 06 28	Aylmer & Malahide Telephone Company Limited	Approval of name change to Amtelecom Inc.	78 06 30
3742	78 06 28	Coldwater Municipal Telephone System	Approval of By-law No. 8.	78 06 28
3743	78 06 29	Northern Telephone Limited	Approval of a general increase in rates.	78 07 01
3744	78 06 20	Manitoulin Island Telephone Company Limited	Denial of interim rate relief.	78 06 20
3745	78 06 21	Taylor Telephone Company Limited	Approval to issue evidence of indebtedness.	78 06 21
3746	78 06 21	Manitoulin Island Telephone Company Limited	Approval to issue evidence of indebtedness.	78 06 21
3747	78 06 21	Amtelecom Inc.	Approval to issue evidence of indebtedness.	78 06 21
3748	78 06 20	North Norwich Municipal Telephone System	Approval of rates for decorator telephone sets and miscellaneous equipment.	78 06 20
3749	78 06 20	Huron & Kinloss Municipal Telephone System	Approval to issue evidence of indebtedness.	78 06 20
3750	78 06 25	People's Telephone Company of Forest, Limited	Approval to provide service.	78 06 25
3751	78 06 25	People's Telephone Company of Forest, Limited	Approval to provide service.	78 06 25

ORDER NO.	DATE ISSUED	APPLICANT	PURPOSE	EFFECTIVE
3752	78 07 28	People's Telephone Company of Forest Limited	Directive settling boundary dispute in Warwick Village.	78 07 28
3753	78 07 20	Huron & Kinloss Municipal Telephone System	Approval of general increase in rates.	Conditional
3754	78 09 08	Lansdowne Rural Telephone Company Limited	Approval of rate for digipulse telephone set.	78 09 08
3755	78 09 08	Abitibi Paper Company Ltd.	Approval of Alternate Appendix A to the Traffic Agreement with Ontario Northland Transportation Commission.	78 09 08
3756	78 09 18	Northern Telephone Limited	Approval of depreciation rates (interim order).	79 01 01
3757	78 09 18	Cambray Telephone Company Limited	Approval of a general increase in rates.	78 10 01
3758	78 09 18	North Renfrew Telephone Company Limited	Approval to issue evidence of indebtedness.	78 09 18
3759	78 09 08	Hay Municipal Telephone System	)	78 09 08
3760	78 09 08	Gosfield North Municipal Telephone System	)	78 09 08
3761	78 09 08	Lansdowne Rural Telephone Company Limited	)	78 09 08
3762	78 09 08	Blanshard Municipal Telephone System	)	78 09 08
3763	78 09 08	Mornington Municipal Telephone System	) Denial of an increase in directory assistance charge from 25¢ to 30¢.	78 09 08
3764	78 09 08	Thunder Bay Telecommunications	)	78 09 08
3765	78 09 08	Huron Ontario Telephones Limited	)	78 09 08
3766	78 09 08	Huron & Kinloss Municipal Telephone System	)	78 09 08
3767	78 09 08	Coldwater Municipal Telephone System	)	78 09 08
3768	78 09 08	Brooke Municipal Telephone System	)	78 09 08
3769	78 09 08	Durham Telephones Limited	)	78 09 08
3770	78 09 07	Ontario Telephone Development Corporation	Approval of telephone rates	78 09 07
3771	78 10 06	Community Telephone Company of Ontario Limited	Approval of rates for SL-1 PBX equipment.	78 09 07
3233D	78 10 11	Community Telephone Company of Ontario Limited	Approval of rates for EAS from Bath and Odessa to Kingston and Collins Bay.	78 10 11
3772	78 10 11	Ontario Telephone Development Corporation	Approval of toll equipment agreement with Bell Canada.	78 10 11
3773	78 10 11	Ontario Telephone Development Corporation	Approval of equipment remuneration agreement with Bell Canada, Burk's Falls Office.	78 10 11

COMMISSION ORDERS ISSUED - 1978				
ORDER NO.	DATE ISSUED	APPLICANT	PURPOSE	EFFECTIVE
3774	78 10 11	Ontario Telephone Development Corporation	Approval of equipment remuneration agreement with Bell Canada, Emsdale Office.	78 10 11
3775	78 10 11	Ontario Telephone Development Corporation	Approval of Service System Agreement with Bell Canada.	78 10 11
3776	78 10 11	Ontario Telephone Development Corporation	Approval of Traffic Agreement, Appendix A, Alternate Appendix B Revised and Supplement Nos. 1 and 3.	78 10 11
3777	78 10 18	Westport Telephone Company Limited	Approval of a general increase in rates.	78 10 18
3778	78 10 11	North Norwich Municipal Telephone System	Denial of an increase in directory assistance charge from 25¢ to 30¢.	78 10 11
3779	78 10 11	Dryden Municipal Telephone System	Denial of an increase in directory assistance charge from 25¢ to 30¢.	78 10 11
3780	78 10 11	Community Telephone Company of Ontario Limited	Approval of Traffic Operator Position System (TOPS) Agreement with Bell Canada.	78 10 11
3781	78 10 11	Northern Telephone Limited	Approval to waive certain installation charges, sales campaign.	78 10 20 -78 12 29
3782	78 10 11	Northern Telephone Limited	Approval of an increase in revenue requirement.	78 10 11
3783	78 10 25	Ontario Telephone Development Corporation	Approval of late payment charges.	78 10 25
3784	78 11 07	Northern Telephone Limited	Order No. 3781 revoked and approval to waive certain installation charges, sales campaign.	78 11 06
3785	78 12 01	Manitoulin Island Telephone Company Limited	Approval to waive certain installation charges, sales campaign.	78 12 01 -78 12 22
3786	78 12 13	Manitoulin Island Telephone Company Limited	Approval of a general increase in rates.	79 01 01
3787	78 12 13	Taylor Telephone Company Limited	Approval of a general increase in rates.	79 01 01
3788	78 12 12	Amtelecom Inc. and subsidiaries (Taylor Telephone Company Limited Manitoulin Island Telephone Company Limited)	Order qualifying concession rates for certain employees.	78 12 12
3789	78 12 14	Community Telephone Company of Ontario Limited	Approval of rates for additional directory listings.	78 12 14
3790	78 12 20	Amtelecom Inc.	Approval of rates for PBX services.	79 01 01
3791	78 12 20	Dryden Municipal Telephone System	Approval of a general increase in rates.	79 01 01

INDEPENDENT TELEPHONE SYSTEMS - NORTHERN ONTARIO

NO. NAME OF SYSTEM

- 1 Abitibi Paper Company Ltd.
- 8 Cochrane Municipal Telephone System.
- 11 Dryden Municipal Telephone System .
- 17 Keewatin Municipal Telephone System.
- 18 Kenora Municipal Telephone System .
- 25 Northern Telephone Limited.
- 32 Thunder Bay Telecommunications .

17 18
KEEWATIN
KENORA

11
DRYDEN

32
THUNDER BAY

8
COCHRANE

1
PROULX FALLS

25
TIMMINS

SOUTH PORCUPINE

25
MATACHEWAN

ELK LAKE
EARLTON

GOWGANDA

LATCHFORD

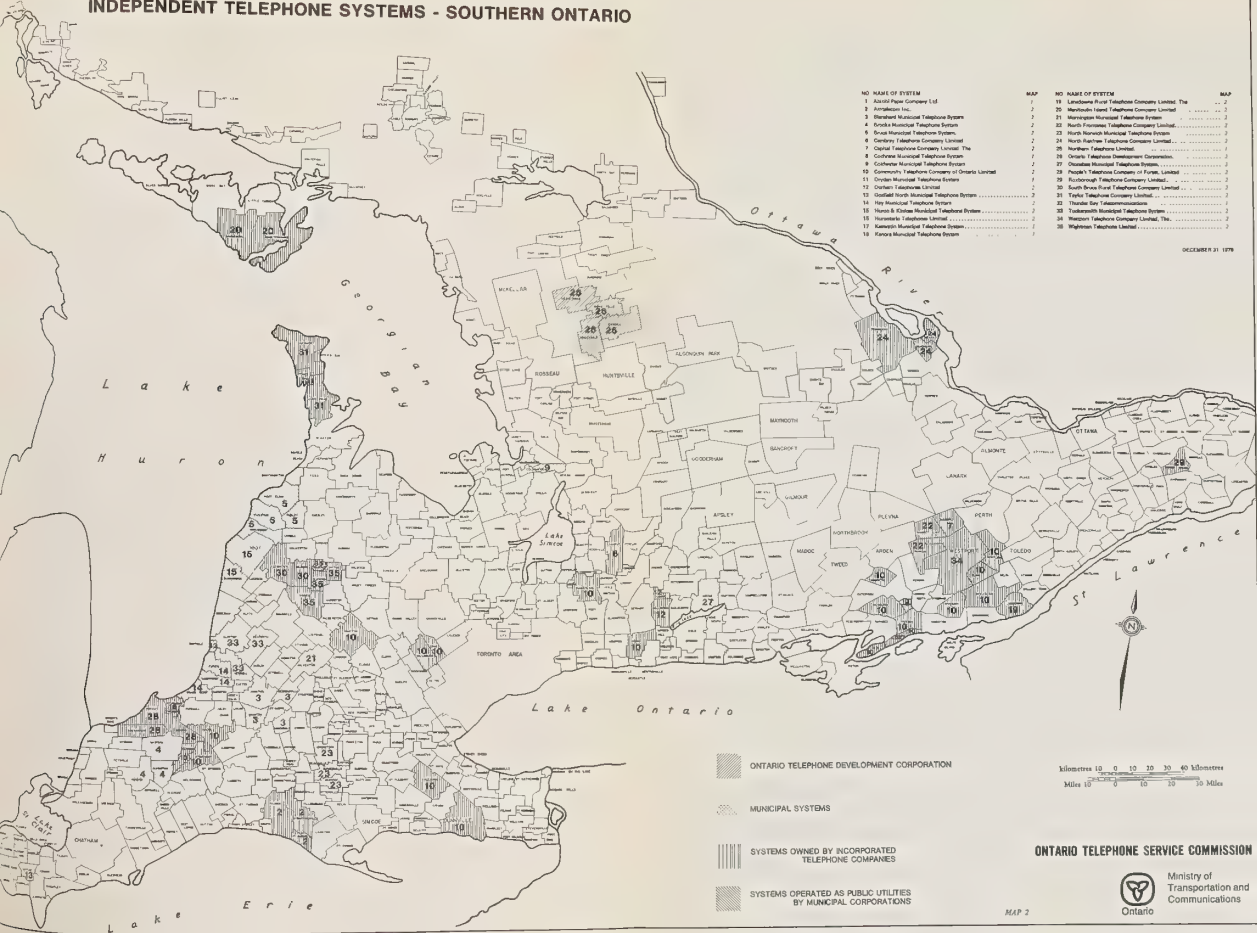
kilometres 20 0 20 40 60 80 kilometres

Miles 20 0 20 40 60 Miles

SYSTEMS OWNED BY INCORPORATED
TELEPHONE COMPANIES

SYSTEMS OPERATED AS PUBLIC UTILITIES
BY MUNICIPAL CORPORATIONS

INDEPENDENT TELEPHONE SYSTEMS - SOUTHERN ONTARIO



28N
90
56

1979 annual report



ONTARIO TELEPHONE
SERVICE COMMISSION

Ontario



Office of the
Minister

Ministry of
Transportation &
Communications

416/965-2101

Ferguson Block
Queen's Park
Toronto Ontario

The Hon. Pauline M. McGibbon, OC, BA, LL.D.
Lieutenant Governor of Ontario
Legislative Building
Queen's Park

MAY IT PLEASE YOUR HONOUR

I beg leave to present the 1979 Annual Report
of the Ontario Telephone Service Commission for
the year ending December 31, 1979.

Respectfully submitted,

A large, stylized handwritten signature in dark ink, appearing to read "James W. Snow".

James W. Snow
Minister





Ontario
Telephone Service
Commission

Suite 200
3625 Dufferin St.
Downsview Ontario
M3K 1Z2
416/248-3831

December 31, 1979

The Honourable James W. Snow
Minister of Transportation and Communications
3rd Floor, Ferguson Block
Wellesley Street West
Toronto, Ontario

Dear Mr. Snow:

We have the honour to present herewith the
Annual Report of the Ontario Telephone Service
Commission for the year ending December 31,
1979.

Respectfully submitted,

Wladzia Bielski
Wladzia Bielski, Q.C.
Chairman

J. B. Webster
J. B. Webster
Vice-Chairman

E. A. Frith
E. A. Frith
Member

J. D. Misner
J. D. Misner
Member

Margaret Parry
M. E. Parry
Member

Frank D Wall
F. Wall
Member

CONTENTS

INTRODUCTION	1
THE COMMISSION	3
1. External Liaison	
i) Canadian Independent Telephone Association	6
ii) Ontario Telephone Association	6
iii) Canadian Association of Members of Public Utility Tribunals (CAMPUT)	6
iv) National Association of Regulatory Utility Commissioners	8
2. Major Activities	8
i) Uniform System of Accounts	8
ii) Rate Determination Worksheet	9
iii) Rate Applications	9
iv) Sale and Amalgamation of Telephone Systems	10
REGULATORY ISSUES	12
i) Terminal Attachment	12
ii) Retroactive Approval of Agreements	13
iii) Toll Settlement Procedures	15
iv) Inter-Regulatory Committee Respecting TCTS Rates and Practices	17
v) Quality of Service	20
APPENDICES	23
i) Revised Memorandum of Understanding between the Minister of Transportation and Communications and the Chairman of The Ontario Telephone Service Commission	24

CONTENTS

APPENDICES - continued

ii)	Type of Entity of the Independent Telephone Systems Operating in Ontario in 1979	32
iii)	Size Distribution of the Independent Telephone Systems Operating in Ontario in 1979	32
iv)	Net growth of the Telephone Industry in Ontario since 1971	33
v)	Summary of Independent Telephone Systems Data as at December 31, 1979	34
vi)	Commission Orders Issued - 1979	41
vii)	Map 1 - Independent Telephone Systems Operating in Northern Ontario	42
viii)	Map 2 - Independent Telephone Systems Operating in Southern Ontario	43

INTRODUCTION

The past decade has been a period of remarkable technological development in the telecommunications industry which has resulted in not only better quality of services being provided to the user, but also a wider range of services.

Direct Distance Dialing (D.D.D.) enables a telephone user to call long distance by dialing directly. This service frees the operator of all duties except the recording of originating numbers for billing purposes. Practically all exchanges in Ontario served by the independent telephone systems have introduced Direct Distance Dialing.

The introduction of Automatic Number Identification means that an originating call is identified and billed automatically. This process, which is a further advancement of direct distance dialing, totally eliminates the need of operator assistance for calls dialed directly by the user. The telephone system benefits in the reduction of processing long distance accounts and the user benefits by having easier access to long distance circuits and

more reliable billing. Presently, five independent systems offer Automatic Number Identification.

The most recent and important technological development in telephony is the introduction of digital switching, which provides faster processing of calls, and less interference and distortion. Also, the transmission potential of the system is greatly increased. Amtelecom Inc., an independent telephone system in Ontario, was the first system in Canada to convert some of its exchanges to digital. Other systems, such as the Blanchard Municipal Telephone System have also converted to digital and there are plans by others to do the same.

Any discussion of technological changes in telephony would not be complete without mentioning fiber optics. Although the use of this technology, which in effect provides the transmission of video and audio signals through a hair-like tube of glass, is still in an experimental stage, there is no doubt that this development will revolutionize the telecommunications industry in the next decade.

THE COMMISSION

The Ontario Telephone Service Commission is a quasi-judicial agency operating under the authority of the Telephone Act (R.S.O. 1970, c. 457).

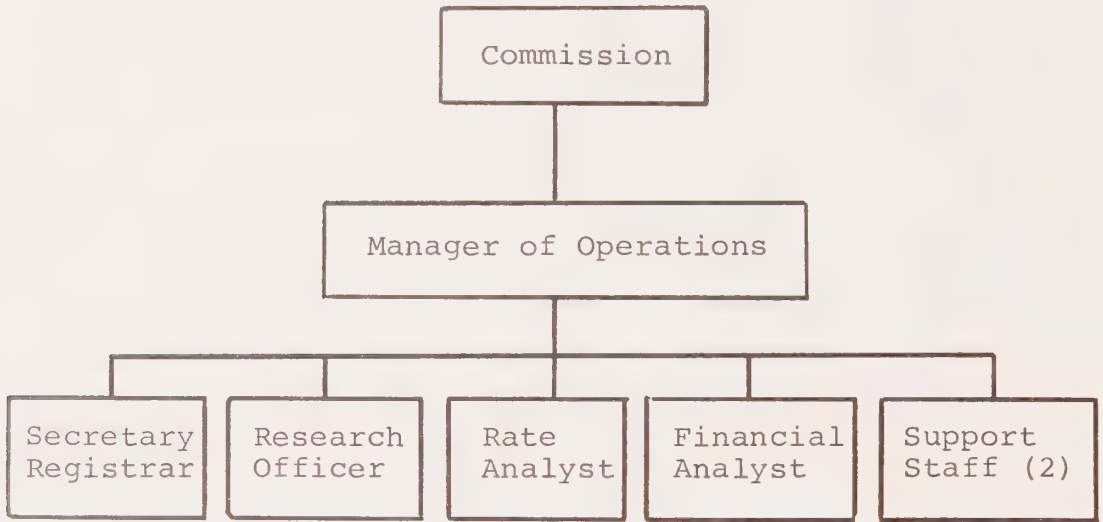
The Commission is responsible for the regulation of telephone systems under provincial jurisdiction as defined in the Telephone Act. The Commission also has the authority to adjudicate disputes between such telephone systems as well as disputes between any person and a telephone system.

The Commission presently consists of six members as follows:

Chairman of the Board	-	Mrs. W. Bielski, Q.C.
Vice-Chairman	-	Mr. J. B. Webster
Member	-	Mr. J. D. Misner
Member	-	Mrs. M. E. Parry
Member	-	Mr. E. A. Frith
Member	-	Mr. F. Wall

The Chairman is a full-time member, while all other members serve as part-time members.

The Commission is assisted by a staff of seven. During the year, a major re-organization of staff positions occurred, and the following chart outlines the present organizational structure of the Commission.



In 1979, the Commission attended 18 meeting days, and held 32 public hearings. It also held seven field hearings in Forest, Orono, Thunder Bay, Coldwater, Zurich Ripley and Keewatin.

During the year, the Commission issued a total of 125 orders for the purposes specified and under the following sections of the Telephone Act.

<u>SECTION</u>	<u>NO. OF ORDERS</u>
10 Previous order revoked amended.....	5
60 Release of subscribers.....	1
73 Prescribing data of Annual Meeting of subscribers.....	1
88 Approval of company by-laws and special resolutions.....	1
91 Approval to interconnect customer owned equipment.....	2
94 Request for telephone service.....	1
96 Approval of agreements for interchange of service between systems.....	68
100 Approval of by-laws.....	1
102 Approval of agreement that may have effect of increasing the cost of telephone service.....	6
103 Amalgamation of systems.....	3
105 Request for changes in local telephone rates.....	31
106 Approval to temporarily withdraw a service charge or prevent discrimination through concession rates.....	1
109 Approval to issue evidence of indebtedness.....	<u>4</u>
	<u>125</u>

A revised Memorandum of Understanding between the Minister of Transportation and Communications and the Chairman of the Ontario Telephone Service Commission was signed and became effective as of June 4, 1979. The Memorandum of Understanding may be found as Appendix i) on page 24.

1. EXTERNAL LIAISON

i) Canadian Independent Telephone Association

The Canadian Independent Telephone Association (C.I.T.A.) held its seventy-fourth annual meeting in Quebec City in September of 1979. The Chairman and W. J. Withers, Manager of Operations of the Commission staff attended the convention.

ii) Ontario Telephone Association

The Ontario Telephone Association is the representative body of most of the thirty-two independent telephone systems which serve Ontario. The Commission and the Ontario Telephone Association have continued to meet quarterly to discuss issues of concern which affect the industry. At the Ontario Telephone Association's fourteenth annual meeting held in Kitchener, Ontario in April 1979, the Chairman presented a paper entitled "Regulation In A Changing Environment".

iii) Canadian Association of Members of Public Utility
Tribunals (CAMPUT)

In April of 1979, the annual CAMPUT meeting was held in Quebec City. The Chairman, Commissioner Margaret Parry and W. J. Withers of the Commission staff, attended the meeting. Mr. Withers presented a paper entitled "Develop-

ment in Usage Sensitive Pricing for Local Exchange Service". The Chairman of the Commission, who was chairman of the CAMPUT Committee on Telecommunications, filed a report on the work of the Committee during the past year which included the following topics:

- delegation of regulatory functions within the framework of the present Canadian federalism;
- issues surrounding the Inter-Regulatory Committee respecting Trans-Canada Telephone System's rates and practices;
- proposal for a clearing house of Telecommunications Regulatory Decisions;
- profitability tracking of special telecommunications services;
- regulated revenue relationships in rate structures.

At the CAMPUT's 1979 annual meeting, the Chairman of the Commission was elected as Chairman of the new Committee on Technical Matters of CAMPUT, which will study topics common to all public utilities, gas, water, electricity and telecommunications. In order to more effectively deal with the subjects before this Committee, two Subcommittees were formed; the Subcommittee on Accounting and the Subcommittee on Economics. Reports of the two subcommittees will be presented at the 1980 Annual Meeting of CAMPUT.

iv) National Association of Regulatory Utility
Commissioners

The Commission is an associate member of the National Association of Regulatory Utility Commissioners (NARUC). The Commission is represented on the NARUC Committee on Communications and the Staff Subcommittee on Toll Separations.

The Chairman has been appointed as Associate Member of the Committee on Communications and has attended several Committee meetings, whose primary consideration over the past year has been the amendments to the Communications Act of 1934, which would provide for considerable deregulation of the telecommunications sector and the establishment of joint board proceedings for determination of division of tolls revenues.

2. MAJOR ACTIVITIES

i) Uniform System of Accounts

In the annual report for the year ending 1978, the Commission stated that it had undertaken a major project to develop a uniform system of accounts for the independent telephone systems in Ontario. The final draft, as prepared by the consultants retained by the Commission, is presently being reviewed by the Commission and it is

expected to be released shortly to the Accounting Committee of the Ontario Telephone Association as well as to the industry for comment. Although the initial time-frame for the developmental stage had to be extended, the Commission is anticipating its completion during 1980, and the implementation to commence in 1981.

ii) Rate Determination Worksheet

The Commission has developed a rate determination worksheet to be used as a guideline by the independent telephone systems for preparation of applications for miscellaneous equipment rates. The Commission was concerned that many applications filed for approval for such rates lacked supporting evidence, such as costs and expected profit margin, to justify the proposed rates. It is anticipated that such worksheets will provide assistance to the independent telephone systems in determining the appropriate rates and in turn will reduce the time within which the Commission can make a decision on such applications.

iii) Rate Applications

During 1979, the Commission issued seven final orders and one interim order respecting applications for changes in rates for local telephone service for the following telephone systems:

Brooke Municipal Telephone System
Coldwater Municipal Telephone System
Community Telephone Company of Ontario Limited
Hay Municipal Telephone System
Huron and Kinloss Municipal Telephone System
North Renfrew Telephone Co. Ltd.
People's Telephone Company of Forest Limited
Thunder Bay Telecommunications

As of year-end, there were five applications filed for changes in rates for local exchange service which were in the process of being considered by the Commission.

iv) Sale and Amalgamation of Telephone Systems

On June 16, 1978, the Ontario Telephone Development Corporation, a crown corporation, assumed responsibility for the operation of the Muskoka and Parry Sound Telephone Company Limited. On November 7, 1979, the system was sold to Bell Canada, such sale having been approved by the Commission by Order No. 3893, dated November 7, 1979.

In April 1979, the Commission approved the sale and amalgamation of the Cambray Telephone Company Limited with Amtelecom Inc., formerly known as the Aylmer and Malahide Telephone Company Limited. In August 1979, the Commission also approved the amalgamation of the

Taylor Telephone Company, a subsidiary of Amtelecom Inc., with the parent company. Amtelecom Inc., therefore, is now serving the territory previously served by the Cambray Telephone Company Limited, Aylmer and Malahide Telephone Company Limited and the Taylor Telephone Company Limited.

As a result of the sale and amalgamations of systems during 1979, there are presently thirty-two systems under provincial jurisdiction. Five are systems operated as public utilities by municipal corporations, eleven are Municipal Telephone systems and sixteen are Incorporated Companies.

REGULATORY ISSUES

As we approach the end of the 70's, there is no doubt that there are several major regulatory issues which must be faced by all regulatory agencies, federal as well as provincial. The Ontario Telephone Service Commission is much aware of the impact of any decision on such major issues on the future framework of telecommunications and in particular, on the independent telephone industry in Ontario. The Commission therefore has embarked on major studies on the following matters:

i) Terminal Attachment

Pursuant to section 91 of The Telephone Act:

"every telephone system shall own and maintain all equipment except run-off poles on private property, operated in connection with the system, unless otherwise consented to by the Commission."

In effect, approval must be obtained for the attachment of any customer-owned equipment to the telephone network.

The Commission, however, is most cognizant of development

in Canada of a market for customer-owned equipment, both of the addressable and non-addressable type. The Commission is also aware of the federal Department of Communications' Terminal Attachment program and the position of the Government of Ontario in respect to terminal attachment.

During the year, the Commission has granted approval for the attachment of non-addressable customer-owned equipment on an ad hoc basis. However, the Commission is concerned that such measures are not the most satisfactory way in which to deal with a regulatory issue of such importance. Therefore, the Commission has been working towards a general policy with respect to attachment of customer-owned equipment which it anticipates to be released in the forthcoming year.

ii) Retroactive Approval of Agreements

Under section 96 of The Telephone Act, a telephone system may enter into an agreement with any other system providing for the interconnection of the systems and the division of tolls, commissions and expenditures, but such agreement has no validity or effect until approved by the Commission.

It has been the experience of the Commission in the past

to receive applications for approval of toll settlement agreements (Alternative Appendix "B" to the Traffic Agreement) between the independent telephone systems and Bell Canada, which, in effect, result in the granting of approval to a retroactive effective date. In the last instance, approval of such an agreement resulted in retroactive payments for almost a period of one year. Such practice envelopes two problems. Firstly, the Commission does not regard this practice as an appropriate exercise of its responsibility as set out in the Telephone Act, and therefore has granted such approvals with certain reluctance but giving consideration to the lengthy negotiation process incurred by the parties. Secondly, the independent telephone systems seeking such approval for retroactive effective dates of the agreements could encounter financial difficulties should the Commission, for justifiable cause, deny the approval of such agreements. The Commission therefore, is of the strong opinion that the present practice is most unsatisfactory and indeed unacceptable both from the regulator's standpoint as well as from the industry.

In light of the problems, the Commission has undertaken, during the year, discussions with the Ontario Telephone Association with a view of achieving a practical solution. The Commission intends to pursue this matter vigorously in the forthcoming months, with the objective of establishing

a regulatory policy as quickly as possible in respect to retroactivity of effective dates of agreements and alternative solutions.

iii) Toll Settlement Procedures

In the 1978 Annual Report, the Commission outlined the work undertaken by the Committee of Inquiry established by the Canadian Radio-Television and Telecommunications Commission (CRTC) to consider the application of the City of Prince Rupert. On page eight of its 1978 annual report the Commission stated that "the work and findings of the Committee will be of interest to the Commission in view of the number of traffic agreements between Bell Canada and the independent telephone systems in Ontario". Since that time, the Committee of Inquiry has rendered its report and recommendations to the CRTC, and a decision was made which basically accepted the six fundamental principles and the test for that particular application as recommended by the Committee (Telecom Decision CRTC 79-21).

The Commission, in a decision rendered December 13, 1978, Order Number 3787; stated:

"As a result of the increasing number of adjustments in basic rates over the last few years, the Commission has undertaken a review of the levels and changes in such rates. This review has revealed a growing variance in the level of local rates charged by the various operating

companies in the Province for comparable service. Although the Commission recognizes the differences in geographic conditions, distribution of subscribers, and the number of subscribers served, necessarily result in a higher cost of providing service in certain areas, the Commission is concerned with the rapidly growing variance between rates for similar service. The question that requires consideration, not only by the Commission, but also by the telephone systems providing telephone service in the Province, is to what extent can this variance be allowed to grow."

The Commission is of the opinion that such discrepancies could be minimized if the inter-company settlements were based on a uniform Canadian cost separation methodology and a uniform system of accounts. However, the development of such cost-based methodology for inter-company settlements is not within the foreseeable future, yet the problem outlined requires immediate solutions. To do so, the Commission feels that a review of the procedures by which the independent telephone companies in Ontario share revenues generated through the exchange of long distance calls between their telephone subscribers and those of Bell Canada must be undertaken forthwith.

In this regard, a great deal of useful analysis was done by the Committee in the Prince Rupert case which should not be discarded. In particular, the Commission refers to the review of the Alternative Appendix "B" method which is currently used by Bell Canada for traffic

agreements with most independent companies in Ontario and the six "fundamental principles" which were therein established.

The present toll settlement agreements between the independent telephone systems in Ontario and Bell Canada expire mid-1980. Although the Commission is of the opinion that toll settlement agreements should be sought, in the first instance, through the negotiation process between the parties involved, the Commission will be seeking a resolution of both the problem outlined in section (ii) as well as the question of appropriate procedures for toll settlement in the forthcoming year.

iv) Inter-Regulatory Committee Respecting TCTS Rates and Practices

In the spring of 1978, Bell Canada and the British Columbia Telephone Company filed applications with the CRTC for approval of increases in rates for a number of services and facilities provided throughout Canada by the members of the Trans-Canada Telephone System (TCTS).

The CRTC, as part of its course of action, invited the Chairman of each regulatory agency in Canada responsible for regulating telephone rates within a province to nominate a senior staff member to an inter-regulatory

committee which would monitor the progress of a study to be undertaken by a consultant in respect to TCTS settlement procedures, recommend any supplementary studies and to act as a liaison between the respective agencies. The Commission welcomed the opportunity to participate in such a consultative mechanism, particularly in view of the relevance of the topic to the independent telephone systems in Ontario. The Chairman, therein, appointed W. Withers, Manager of Operations of the Commission's staff, as member of the Inter-Regulatory Committee.

The Committee met several times during the year to review the report of the consultant which has now been completed.

In September of 1979, the Chairman of the CRTC had written to the Chairman of the Commission requesting consideration be given to extending the work of the Inter-Regulatory Committee. The additional tasks suggested to be undertaken by the Committee were to:

- 1) monitor the impact of the CNCP-Bell Canada Interconnection decision (Telecom Decision CRTC 79-11) outside the operating territory of Bell Canada.

- 2) extend the mandate of the Committee in relation to the TCTS rates and practices, whereby the Committee would participate in the pre-hearing phase of the application, by possibly formulating interrogatories to the

Applicant on issues the Committee members felt should be raised at the Public Hearing.

The suggestion was also made of further possible extension of the Committee's mandate **to include the** public hearing phrase.

The Commission regards consultative mechanisms as a useful tool which could be and should be effectively used by regulatory agencies in respect to issues which are of mutual concern. The Commission must also ensure that it constantly is in a position to exercise its responsibility as required by the Telephone Act with total independence.

It was with this precept in mind, that the Commission declined further participation in the Inter-Regulatory Committee for the extended work proposal outlined above. The Commission concluded that it would be inappropriate for its staff to be involved in a hearing process wherein the Applicants are outside the jurisdiction of the Commission. More importantly, the Commission was of the strong opinion that such participation was inappropriate in light of the fact that the issues being addressed are such that the Commission itself may have to adjudicate within its own legislative mandate.

v) Quality of Service

The quality of service provided by the independent telephone systems is one of the most important factors which the Commission takes into consideration when approving rates for local exchange service. Although "quality of service" has not been given any precise definition by the Commission, in general terms, the Commission considers that any definition must encompass more than technical standards and measurements. More importantly, the Commission is of the opinion that it must be cognizant of the subscribers' perception of "quality of service". It is for this reason that the Commission, during 1979, held as many field hearings as possible where justified through the intervention process.

The importance of both field hearings and the subscribers' perception became clearly evident as a result of the general rate application filed by Community Telephone Company of Ontario Limited.

In light of the substantial number of subscriber submissions filed with the Commission from the exchanges of Erin and Hillsburg, the Commission held a field hearing in Erin on December 7, 1978. Approximately two hundred and fifty people attended; and forty oral submissions were made to the Commission, as well as a

written and oral submission from the Committee for Better Service.

The major matters of concern which the Commission regarded as a reflection of the quality of service being provided included the need for an expanded local calling area (EAS), the lack of adequate repair service, overall inadequate quality of service, particularly during inclement weather, billing errors, need for more sophisticated services such as Automatic Number Identification (ANI), lack of adequate trunking facilities, excessive noise on circuits, late payment policy, disconnect policy, lack of toll call detail on monthly bills, and organization of the telephone directory.

As a result of the intervention by the Orono Ratepayers Association at the financial hearing on February 22, 1979, the Commission determined that a further field hearing should be held in Orono to provide the opportunity for the subscribers to present their views directly to the Commission. Such a hearing was held on March 20, 1979 and was attended by approximately three hundred people. The concerns expressed at the hearing were replicative of those voiced in Erin.

The Commission makes these observations because it reinforces the Commission's conviction, as supported by

the views expressed by so many subscribers that quality of service encompasses not only the mechanical and electronic operations of the system, but also the administrative, business, and public relations practices of the telephone system as well.

The approval of a revenue requirement and the resultant rates for local exchange service cannot be done in isolation of the consideration of the quality of service being provided. The Commission, in carrying out its responsibility under the Telephone Act, must balance the needs of the operating company and the subscriber. In order to more effectively carry out such responsibility, the Commission decided to undertake a study of quality of service indicators. Although the study is still in its formative stage, the Commission hopes, that as the study develops, that it will receive input from both the industry and the general public.

APPENDICES

APPENDIX i)

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE MINISTER OF TRANSPORTATION AND COMMUNICATIONS

AND

THE CHAIRMAN OF THE ONTARIO TELEPHONE SERVICE COMMISSION

I. INTRODUCTION:

1. In the event of conflict between any provision of this agreement and The Telephone Act, R.S.O. 1970, c.457, The Telephone Act governs.
2. The role of the Commission is to supervise and administer The Telephone Act in respect of the obligations required of telephone systems in the public interest and in accordance with the public policy of Ontario.
3. The objectives of the Commission are:
 - (a) to assure adequate and economical telephone service for all residents of Ontario served by provincially regulated telephone systems;
 - (b) to promote diversity and innovation in telephone services;
 - (c) to assure that all telephone services are provided at just and reasonable rates;
 - (d) to assure that telephone systems are responsive to the public interest and to the communications objectives of the Province of Ontario;

- (e) to promote local and community participation in telephone service matters; and
 - (f) to cooperate with regulatory bodies of other jurisdictions involved in the regulation of telephone services.
4. This agreement shall take effect upon the day that it is signed by both parties and shall be reviewed:
- (a) on the appointment of either a new Minister or Chairman of the Commission; or
 - (b) upon the request of either party to the Memorandum.
5. This Memorandum and any amendments made subsequent to it, shall be subject to review and approval by Management Board of Cabinet.

II. ROLES OF THE MINISTER AND THE COMMISSION:

1. The Commission, through its Chairman, reports to the Minister of Transportation and Communications as an integral part of the portfolio for which he is accountable to the Legislature.
2. The Commission shall be guided in the exercise of its powers under The Telephone Act by the written policy directives of the Minister expressing the communications objectives of the Province of Ontario.

- 3.1 The Minister may request the Commission to investigate any advise the Minister respecting any matter affecting the public interest in relation to telephone services.
- .2 The Minister may request that the investigation include a public hearing.
4. The Commission shall advise the Minister prior to entering into any formal relationships with regulatory bodies of other jurisdictions and, except as provided in The Telephone Act, shall obtain his approval to do so.
5. The Minister shall consult the Commission in respect of changes in legislation which may affect the Commission, and in respect of any directives issued to the Commission under sub-section 2 above.
6. The Minister will not initiate reviews of Commission decisions under s.18 of The Telephone Act in respect of the level of rates of any telephone system, or in respect of any question of law.
7. The Commission shall be responsible for the assessment of the efficiency and effectiveness of its operations and shall submit reports thereon as required by the Minister.
8. The Commission shall prepare and submit to the Minister, for Management Board approval, long-range plans and annual plans (estimates) at such times and in such formats as required.

9. The Commission is an independent agency created by statute and given independence in determination of all questions with respect to matters within its jurisdiction. The Chairman is designated as the Head of the Commission and for administration and budgetary purposes the Commission reports through its Chairman to the Minister of Transportation and Communications.

III. FINANCIAL ARRANGEMENTS:

1. The Commission shall be responsible for preparing (with the assistance of Ministry of Transportation and Communications staff as outlined in section iv(b) below) an annual budget to cover its financial requirements for each fiscal year.
2. The Commission shall submit this budget to the Minister for his approval and for forwarding to Management Board for its approval and inclusion in the Estimates.
3. The Commission's Estimates will be presented to the Legislature in conjunction with the Estimates of the Ministry of Transportation and Communications.
4. The Ministry shall provide the Commission with the following administrative services at no cost:
 - (a) Administration of the Commission Budget, including payroll, expense accounts, cheque issuing, etc.;

- (b) Assistance in the preparation of Estimates and Multi-Year Forecasts;
- (c) Internal Audit Services;
- (d) Assistance in arranging for the leasing of accommodation, purchasing of equipment and the provision of miscellaneous supplies;
- (e) Advice on personnel matters as required;
- (f) Other administrative and support services as agreed.

IV. OPERATING RELATIONSHIPS:

1. The Minister shall meet with the Chairman of the Commission from time to time as considered necessary.
2. Provision of the services cited in Section III.4 above will be arranged by agreement between the Chairman of the Commission and the Chairman of the Communications Program Planning Committee, of the Ministry.
3. Matters relating to the formulation, submission and amendment of long-range and annual plans shall be discussed between the Ministry and the Commission in the forum of the Ministry's Communications Program Planning Committee. For purposes of such discussion, the Commission may be represented at meetings of the Committee either at its own request or at that of the Committee Chairman.

4. Details connected with budgeting and accounting procedures, including submissions to Management Board, will be resolved by the Chairman of the Commission and the Comptroller, Financial Branch, of the Ministry.

V. ADMINISTRATIVE ARRANGEMENTS:

1. The Commission as a body administering provincial policy with public funds, is accountable to the Government for its use of those funds and will be treated by Management Board as an integral part of the Ministry of Transportation and Communications. The Commission shall govern itself according to the Manual of Administration with respect to staffing and administrative controls.
2. By arrangement between the Chairman of the Commission and the Executive Director of the Communications Division of the Ministry, the Commission shall have access to professional and technical Ministry staff to obtain advice in such areas as law, finance, economics and engineering. The availability of Ministry staff will be subject to the provision that any such advice shall in no way alter the Commission's sole responsibility for making decisions on matters brought before it, nor will it bind the Minister to the point of view expressed by Ministry staff.

3. Consultants and contract staff required by the Commission shall be hired and paid directly by it under appropriate Management Board regulations, and within the approved budget allocation contained in the annual estimates. The Chairman may, however, seek the advice of the Executive Director of the Communications Division of the Ministry as to the appropriateness of the appointment prior to signing any new contract with a consultant in order to avoid duplication of services.

VI. CONTROL AND REPORTING:

1. The Commission, through its Chairman, shall provide the following reports to the Minister, in addition to the Annual Report required by statute, an annual assessment of the Commission's performance in furthering the objectives set out in sub-section 3 of Section I above.
2. The Commission, through its Chairman, shall provide information and advice to the Minister concerning issues arising out of the work of the Commission:
 - (a) upon the request of the Minister; and
 - (b) where, in the opinion of the Chairman, the matter requires the Minister's attention.
3. The Commission shall produce quarterly and yearly Management by Results reports which shall be coordinated through the Communications Division of the Ministry.

4. The Commission's operations are subject to audit by the Provincial Auditors.
5. Whenever matters related to the functions of the Commission are to be discussed by Management Board, the Cabinet Committee for Resource Development, Policy and Priorities Board or a Standing Committee of the Legislature, the Commission has the right to be represented at the meeting by the Chairman and/or her designates. Such representation shall not pre-empt the right of the Ministry to be also represented.

Dated June 4/79

Signed by: J. Snow
Minister of Transportation
and Communications

Dated June 1, 1979

Signed by: Wladzia Bielski
Chairman, Ontario Telephone
Service Commission.

APPENDIX ii)

Type of Entity of the Independent Telephone Systems
Operating in Ontario in 1979:

	Systems		Telephones	
	No.	%	No.	%
Systems operated as public utilities by municipal corporations	5	15.6	110,294	38.7
Municipal Systems	11	34.4	34,972	12.3
Incorporated companies	16	50.0	139,022	49.0
TOTAL	32	100.0	284,288	100.0

APPENDIX iii)

Size Distribution of the Independent Telephone Systems
Operating in Ontario in 1979*

No. of Telephones	No. of Systems	%
0 - 500	1	3.2
501 - 1,000	2	6.2
1,001 - 2,000	13	40.6
2,001 - 3,000	3	9.4
3,001 - 4,000	3	9.4
4,001 - 5,000	3	9.4
5,001 - 10,000	2	6.2
10,001 - 50,000	3	9.4
50,001 - 100,000	2	6.2
	32	100.0

* The largest system is Thunder Bay Telecommunications with 92,582 total telephones and the smallest is Capital Telephone Company Limited with 227 total telephones.

APPENDIX iv)

Net growth of the Telephone Industry in Ontario
since 1971.

Dec. 31	No. of Systems	No. of Telephones	% Change
1971	40	194,942	3.39
1972	40	205,470	5.40
1973	40	216,007	5.13
1974	40	227,810	5.93
1975	40	240,700	6.94
1976	39	258,161	5.50
1977	36	262,363	1.63
1978	35	274,916	4.78
1979	32	284,288	3.38

SUMMARY OF INDEPENDENT TELEPHONE SYSTEMS DATA AS AT DECEMBER 31, 1979								
GROUP	NAME OF SYSTEM	OPERATING HEAD	ADDRESS AND TELEPHONE NUMBER	EXCHANGES	TELEPHONE NUMBERS (A)	OTHER TELEPHONES (B)	TOTAL	TOTAL COMPANY TELEPHONES
3	Abitibi Paper Company Limited	F.R. Robar Electrical Superintendent	Iroquois Falls POK 1EO (705) 258-3241	Iroquois Falls	730	296	1,026	1,026
3	Antelecom Incorporated (formerly Aylmer and Malahide Telephone Company Limited)	Roy B. Barnard President and General Manager	18 Sydenham St. East Aylmer N5H 1L2 (519) 773-8441	Aylmer Cambray Dyer's Bay Lion's Head Port Burwell Stokes Bay Straffordville Tobermory	4,405 615 111 719 593 84 955 436 <u>7,918</u>	2,314 88 25 160 181 17 357 115 <u>3,257</u>	6,719 703 136 879 774 101 1,312 551 <u>11,175</u>	1,026 <

GROUP	NAME OF SYSTEM	OPERATING HEAD	ADDRESS AND TELEPHONE NUMBER	EXCHANGES	TELEPHONE NUMBERS (A)	OTHER TELEPHONES (B)	TOTAL	TOTAL COMPANY TELEPHONES
1	Cochrane Municipal Telephone System	R.V. Nichols Acting-Secretary Treasurer	Public Utilities Commission of Cochrane P.O. Box 640 153 Sixth Ave. Cochrane POL 1CO (705) 272-4232	Cochrane	2,049	1,231	3,280	3,280
2	Coldwater Municipal Telephone System	Aulden Silk Supervisory Engineer	P.O. Box 202 Coldwater LOK 1EO (705) 686-3698	Coldwater	755	235	990	990
3	Community Telephone Company of Ontario Limited	G.A. Schramek President and General Manager	107 Broad St. East Dunnville N1A 2X3 (416) 774-7511	Adolphustown Bath Caledonia Drayton Dunnville Elgin Erin Hillsburgh Inverary Kerwood Nairn Newburgh Odessa Orono Portland Seeley's Bay Selby Strathroy (S) Sunderland Tamworth Yarker	388 744 2,885 1,251 4,819 768 1,405 952 1,246 462 424 597 998 1,437 834 736 422 181 1,139 491 335 <u>22,514</u>	105 732 1,409 550 2,333 324 741 514 351 277 241 210 332 690 271 223 165 187 619 140 89 <u>10,503</u>	493 1,476 4,294 1,801 7,152 1,092 2,146 1,466 1,597 739 665 807 1,330 2,127 1,105 959 587 368 1,758 631 424 <u>33,017</u>	33,017

SUMMARY OF INDEPENDENT TELEPHONE SYSTEMS DATA AS AT DECEMBER 31, 1979

GROUP	NAME OF SYSTEM	OPERATING HEAD	ADDRESS AND TELEPHONE NUMBER	EXCHANGES	TELEPHONE NUMBERS (A)	OTHER TELEPHONES (B)	TOTAL	TOTAL COMPANY TELEPHONES
1	Dryden Municipal Telephone System	B.H. Moline Operations Manager	30 Van Horne Avenue Dryden P8N 2A7 (807) 223-2226	Dryden	2,799	2,278	5,077	5,077
3	Durham Telephones Limited	John E. Downs General Manager	63 Brule Gdns. Toronto M6S 4J5 (416) 767-4042	Millbrook Cavan	761 310 <u>1,071</u>	299 103 402	1,060 413 <u>1,473</u>	1,473
2	Gosfield North Municipal Telephone System	Jack Helkie Manager	P.O. Box 130 Cottam NOR 1B0 (519) 839-4733	Cottam	1,072	385	1,457	1,457
2	Hay Municipal Telephone System	W.H. Wagner Manager and Secretary- Treasurer	P.O. Box 99 Zurich NOM 2T0 (519) 236-4333	Dashwood Grand Bend Zurich	421 1,724 885 <u>3,030</u>	179 915 324 <u>1,418</u>	600 2,639 1,209 <u>4,448</u>	4,448
2	Huron & Kinloss Municipal Telephone System	C. Nicholson Manager	P.O. Box 39 Ripley NOG 2R0 (519) 395-2625	Dungannon Ripley	803 1,556 2,359	217 532 749	1,020 2,088 3,108	3,108
3	Hurontario Telephones Limited	Keith Stevens General Manager and Secretary	Theford NOM 2N0 (519) 462-2844	Port Franks Theford	773 528 <u>1,301</u>	204 199 403	977 727 <u>1,704</u>	1,704
1	Keewatin Municipal Telephone System	E.A. Sherred Secretary- Municipal Clerk- Treasurer	P.O. Box 139 Keewatin POX 1C0 (807) 547-2881	Keewatin	727	346	1,073	1,073
1	Kenora Municipal Telephone System	Art Jorgenson Manager	P.O. Box 1110 Kenora P9N 3X7 (807) 468-8906	Kenora	4,966	3,316	8,282	8,282

GROUP	NAME OF SYSTEM	OPERATING HEAD	ADDRESS AND TELEPHONE NUMBER	EXCHANGES	TELEPHONE NUMBERS (A)	OTHER TELEPHONES (B)	TOTAL	TOTAL COMPANY TELEPHONES
3	Lansdowne Rural Telephone Company Limited	Robert P. Crawford Manager	P.O. Box 9 Lansdowne KOE lLO (613) 659-2222	Lansdowne	1,238	462	1,700	1,700
3	Manitoulin Island Telephone Company Limited	R.B. Barnard General Manager and Secretary	Mindemoya POP lSO (705) 377-5353	Manitowaning Mindemoya	803 826 <u>1,629</u>	260 274 <u>534</u>	1,063 1,100 <u>2,163</u>	2,163
2	Mornington Municipal Telephone System	E.J. Bay Secretary- Treasurer	60 Mill St. Milverton NOK lMO (519) 595-8331	Milverton	1,272	623	1,895	1,895
3	North Frontenac Telephone Company Limited	Enid Schmidt President	P.O. Box 130 Baden NOB lGO (519) 634-5300	Parham Sharbot Lake	357 638 <u>995</u>	68 164 <u>232</u>	425 802 <u>1,227</u>	1,227
2	North Norwich Municipal Telephone System	Ardyth Williams General Manager	P.O. Box 33 Burgessville NOJ lCO (519) 424-9171	Burgessville Norwich (S) Woodstock (S)	826 290 251 <u>1,367</u>	282 117 141 <u>540</u>	1,108 407 392 <u>1,907</u>	1,907
3	North Renfrew Telephone Company Limited	Walter Vandekemp Manager and Secretary- Treasurer	P.O. Box 70 Beachburg KOJ lCO (613) 582-3600	Beachburg Pembroke (S) Westmeath	514 213 308 <u>1,035</u>	179 93 79 <u>351</u>	693 306 387 <u>1,386</u>	1,386
3	Northern Telephone Limited	Murray Cooper President and General Manager	17 Paget Street Box H New Liskeard POJ lPO (705) 647-7311	Abitibi Canyon Ansonville Calstock Cobalt Cochrane (S) Connaught Earlton Elk Lake Englehart Fauquier Gowganda Haileybury	116 1,883 126 889 579 104 819 197 1,355 253 76 <u>1,726</u>	158 860 56 361 159 25 285 65 573 71 19 923	274 2,743 182 1,250 738 129 1,104 262 1,928 324 95 <u>2,649</u>	

SUMMARY OF INDEPENDENT TELEPHONE SYSTEMS DATA AS AT DECEMBER 31, 1979							
GROUP	NAME OF SYSTEM	OPERATING HEAD	ADDRESS AND TELEPHONE NUMBER	EXCHANGES	TELEPHONE NUMBERS (A)	OTHER TELEPHONES (B)	TOTAL COMPANY TELEPHONES
	Northern Telephone Limited (continued)			Hearst Kamiskotia Kapuskasing Kirkland Lake Larder Lake Latchford Matatchewan Matheson Mattice Moonbeam New Liskeard Opasatika Opishing Ramore Smooth Rock Falls South Porcupine Swastika Timmins Virginiatown	2,531 47 4,911 4,973 414 137 145 640 315 477 3,601 130 8 334 886 2,708 682 13,889 435 45,386	1,761 9 3,715 2,672 110 40 55 270 109 179 2,538 48 2 102 416 2,030 303 8,541 151 26,606	4,292 56 8,626 7,645 524 177 200 910 424 656 6,139 178 10 436 1,302 4,738 985 22,430 586 71,992
2	Otonabee Municipal Telephone System	John Down Plant Manager	P.O. Box 40 Keene KOL 2GO (705) 294-4412	Keene	880	277	1,157
3	People's Telephone Company of Forest Limited, The	R.K. Sutherland Assistant Manager and Secretary Treasurer	P.O. Box 700 Forest NON 1JO (519) 873-2351	Aberarder Arkona Forest	606 527 2,129 3,262	160 199 801 1,160	766 726 2,930 4,422
3	Roxborough Telephone Company Limited	J.W. Beach Manager	P.O. Box 179 Moose Creek KOC IWO (613) 538-2800	Moose Creek	365	148	513
3	South Bruce Rural Telephone Company Limited	Andrew McTavish Manager and Secretary- Treasurer	Teeswater NOG 2SO (519) 392-6873	Mildmay Teeswater	1,012 910 1,922	238 217 455	1,250 1,127 2,377

Group	NAME OF SYSTEM	OPERATING HEAD	ADDRESS AND TELEPHONE NUMBER	EXCHANGES	TELEPHONE NUMBERS (A)	OTHER TELEPHONES (B)	TOTAL	TOTAL COMPANY TELEPHONES
1	Thunder Bay Telecommunications	H.W. McKinnon Director	241 Vickers St. South Thunder Bay P7E 1J5 (807) 623-2711	Court Street Current River MacKenzie Murillo Riverview Rosslyn Shuniah Vickers Street	15,900 2,426 634 635 8,647 1,817 6,909 16,010 <u>52,978</u>	13,091 1,198 132 213 7,597 621 3,218 13,534 <u>39,604</u>	28,991 3,624 766 848 16,244 2,438 10,127 29,544 <u>92,582</u>	
2	Tuckersmith Municipal Telephone System	Mel Graham Manager and Secretary- Treasurer	R.R. 1 Brucefield NOM IJO (519) 482-9908	Bayfield Clinton (S) Hensall (S) Seaforth (S)	672 359 360 264 <u>1,655</u>	194 178 185 200 <u>757</u>	866 537 545 464 <u>2,412</u>	2,412
3	Westport Telephone Company Limited, The	H.A. Lynn Manager	R.R. #2 P.O. Box 252 Westport KOG I XO (613) 273-2121	Westport	926	289	1,215	1,215
3	Wightman Telephone Limited	R. Wightman President	15 William St. P.O. Box 70 Clifford NOG I MO (519) 327-8014	Ayton Clifford Gorrie Newstadt	400 568 1,121 321 <u>2,410</u>	162 221 521 91 <u>995</u>	562 789 1,642 412 <u>3,405</u>	3,405
	TOTALS				181,378	102,910	284,288	284,288

ORDER NO.	DATE ISSUED	APPLICANT	PURPOSE	EFFECTIVE
3792	79 01 26	Northern Telephone Limited	Approval of Appendix B, Sections I, II and III, to the Traffic Agreement with the Ontario Northland Transportation Commission.	79 01 26
3793	79 01 26	North Norwich Municipal Telephone System	Dispute over service connection charge.	79 01 26
3794	79 01 26	Community Telephone Company of Ontario Limited	Approval of Supplement No. 30 to the Traffic Agreement with Bell Canada.	79 01 26
3795	79 01 30	Brooke Municipal Telephone System	Approval for a general increase in rates.	79 01 30
3796	79 02 20	Cambray Telephone Company of Ontario Limited	Approval of By-law No. 5-79.	79 02 20
3797	79 02 20	Community Telephone Company of Ontario Limited	Approval of Supplement No. ...27	79 02 20
3798	79 02 20	Community Telephone Company of Ontario Limited	...24	79 02 20
3799	79 02 20	Community Telephone Company of Ontario Limited	...23	79 02 20
3800	79 02 20	Community Telephone Company of Ontario Limited	...22	79 02 20
3801	79 02 20	Community Telephone Company of Ontario Limited	...21	79 02 20
3802	79 02 20	Community Telephone Company of Ontario Limited	...20	79 02 20
3803	79 02 20	Community Telephone Company of Ontario Limited	...17	79 02 20
3804	79 02 20	Community Telephone Company of Ontario Limited	...13	79 02 20
3805	79 02 20	Community Telephone Company of Ontario Limited	...11	79 02 20
3806	79 02 20	Community Telephone Company of Ontario Limited	...11	79 02 20
3807	79 02 20	Blanshard Municipal Telephone System	...12	79 02 20
3808	79 02 20	Ontario Telephone Development Corporation	... 3	79 02 20
3809	79 03 05	Amtelecom Incorporated	...25...to the Traffic Agreement with Bell Canada.	79 03 05
3810	79 03 05	Cochrane Municipal Telephone System	Approval of Appendix A to the Traffic Agreement with Ontario Northland Transportation Commission.	79 03 05
3811	79 03 05	Northern Telephone Limited	Approval of a rate for multi-line touch call (digipulse) telephone sets.	79 03 05

COMMISSION ORDERS ISSUED - 1979				
ORDER NO.	DATE ISSUED	APPLICANT	PURPOSE	EFFECTIVE
3812	79 03 07	Northern Telephone Limited	Approval of the elimination of the Val Gagne exchange and toll connecting point.	79 03 07
3813	79 03 07	Community Telephone Company of Ontario Limited	Denial of application for increase in Call-Pac rates.	79 03 07
3814	79 03 28	Hay Municipal Telephone System	Approval of Supplement No. ...12	79 03 28
3815	79 03 28	Capital Telephone Company Limited	...10...to the Traffic Agreement with Bell Canada.	79 03 28
3816	79 03 29	Community Telephone Company of Ontario Limited	Interim Order-June 1978 rate application.	79 03 29
3817	79 03 30	Gosfield North Municipal Telephone System	Interim Order-Extended Base Rate Area-Phase 2	79 03 30
3818	79 04 03	Northern Telephone Limited	Spring Sales Campaign	79 04 03
3819	79 04 25	Blanshard Municipal Telephone System	Approval of Supplement No. ...16	79 04 25
3820	79 04 25	Blanshard Municipal Telephone System	... 7	79 04 25
3821	79 04 25	Huron & Kinloss Municipal Telephone System	... 6	79 04 25
3822	79 04 25	North Renfrew Telephone Company Limited	...10	79 04 25
3823	79 04 25	Brooke Municipal Telephone System	... 7...to the Traffic Agreement with Bell Canada.	79 04 25
3824	79 04 23	Hay Municipal Telephone System	Approval of concession service to employees of Hay Municipal Telephone System.	79 04 23
3825	79 04 27	Community Telephone Company of Ontario Limited	Authority to execute a promissory note for \$1,000,000.00	79 04 25
3826	79 04 26	Cambray Telephone Company Limited	Approval of sale of assets to Amtelecom effective May 1, 1979.	79 04 26
3827	79 04 30	Northern Telephone Limited	Approval of monthly rate and service connection charge for Logic 20 key telephone set.	79 04 26
3828	79 04 30	Blanshard Municipal Telephone System	Extended Area Service - Mitchell (Bell) to Kirkton, Mitchell to Sebringville.	79 04 25
3829	79 04 30	Community Telephone Company of Ontario Limited	Approval of late payment charge.	79 04 26
3830	79 05 04	Otonabee Municipal Telephone System	Approval of date for Annual Meeting of subscribers.	79 05 04
3831	79 05 30	Northern Telephone Limited	Approval of By-law No. 6.	79 05 30
3832	79 05 31	Community Telephone Company of Ontario Limited	Approval of extension of experimental period for Call-Pac.	79 05 30
3833	79 05 31	Kenora Municipal Telephone System	Approval to increase service connection charges.	79 05 31
			Approval of rates for flat-rate rural service in	79 05 29

ORDER NO.	DATE ISSUED	APPLICANT	PURPOSE	EFFECTIVE
3835	79 06 12	Northern Telephone Limited	Amendment to Order No. 3812 and Order No. 3743.	79 06 12
3836	79 06 12	Northern Telephone Limited	Approval of Data Service Agreement with Roxborough Telephone Company Limited.	79 06 12
3837	79 06 12	Roxborough Telephone Company Limited	Approval of Data Service Agreement with Northern Telephone Company Limited.	79 06 12
3838	79 07 06	Blanshard Municipal Telephone System	Approval of Supplement No. ....22	79 07 06
3839	79 07 06	Community Telephone Company of Ontario Limited	...22	79 07 06
3840	79 07 06	Manitoulin Island Telephone Company Limited	.... 7...to the Traffic Agreement with Bell Canada.	79 07 06
3841	79 07 09	People's Telephone Company of Forest Limited	Approval of rate for Flip Phone Telephone set.	79 07 09
3842	79 07 11	Amtelecom Incorporated	Amalgamation of Taylor Telephone Company and Manitoulin Island Telephone Company.	79 07 11
3843	79 07 10	Northern Telephone Limited	Approval of Multi-Line Touch Call set.	79 07 10
3844	79 07 10	Community Telephone Company of Ontario Limited	Amendment to Interim Order No. 3832.	79 07 10
3845	79 07 12	Community Telephone Company of Ontario Limited	Approval of an increase in revenue requirement.	79 07 12
3846	79 07 12	Thunder Bay Telecommunications	Approval to issue evidence of indebtedness.	79 07 12
3847	79 07 13	Bruce Municipal Telephone System	Approval to release of subscriber property.	79 07 13
3848	79 08 03	Amtelecom Incorporated	Approval of Alternate Appendix B to the Traffic Agreement with Bell Canada.	79 08 03
3849	79 08 03	Blanshard Municipal Telephone System	)	79 08 03
3850	79 08 03	Bruce Municipal Telephone System	)	79 08 03
3851	79 08 03	Capital Telephone Company Limited	)	79 08 03
3852	79 08 03	Coldwater Municipal Telephone System	)	79 08 03
3853	79 08 03	Dryden Municipal Telephone System	)	79 08 03
3854	79 08 03	Hay Municipal Telephone System	)	79 08 03
3855	79 08 03	Huron & Kinloss Municipal Telephone System	)	79 08 03
3856	79 08 03	Huronario Telephone Limited	)	79 08 03
3857	79 08 03	Kenora Municipal Telephone System	)	79 08 03
3858	79 08 03	Manitoulin Island Telephone Company Limited	)	79 08 03
3859	79 08 03	Mornington Municipal Telephone System	)	79 08 03

COMMISSION ORDERS ISSUED - 1979				
ORDER NO.	DATE ISSUED	APPLICANT	PURPOSE	EFFECTIVE
3860	79 08 03	North Frontenac Telephone Company Limited	)	79 08 03
3861	79 08 03	North Norwich Municipal Telephone System	)	79 08 03
3862	79 08 03	North Renfrew Telephone Company Limited	)	79 08 03
3863	79 08 03	Ontario Telephone Development Corporation	)	79 08 03
3864	79 08 03	Otonabee Municipal Telephone System	)	79 08 03
3865	79 08 03	People's Telephone Company of Forest Limited	)	79 08 03
3866	79 08 03	Thunder Bay Telecommunications	)	79 08 03
3867	79 08 03	Tuckersmith Municipal Telephone System	)	79 08 03
3868	79 08 03	Wightman Telephone Limited	)	79 08 03
3869	79 08 17	Community Telephone Company of Ontario Limited	Approval of rates - June 1978 Rate Application.	79 08 17
3870	79 08 21	Brooke Municipal Telephone System	Approval of Alternate Appendix B to the Traffic Agreement with Bell Canada.	79 08 21
3871	79 08 21	Gosfield North Municipal Telephone System	)	79 08 21
3872	79 08 21	Lansdowne Rural Telephone Company Limited	)	79 08 21
3873	79 08 21	Community Telephone Company of Ontario Limited, Western area	)	79 08 21
3874	79 08 21	Community Telephone Company of Ontario Limited, Central area	)	79 08 21
3875	79 08 29	Amtelecom Incorporated	Amalgamation of Taylor Telephone Company Limited with Amtelecom.	79 08 29
3876	79 09 06	Hurontario Telephone Limited	Approval of Data Service Agreement with Northern Telephone Limited.	79 08 29
3877	79 09 06	Hay Municipal Telephone System	Approval of Data Service Agreement with Northern Telephone Limited.	79 08 29
3878	79 09 07	Hay Municipal Telephone System	Approval to issue evidence of indebtedness.	79 08 29
3879	79 09 07	North Norwich Municipal Telephone System	Approval of monthly four-party telephone rates.	79 08 29
3880	79 09 07	Amtelecom Incorporated	Approval of flat-rate rural service.	79 08 29
3881	79 09 10	People's Telephone Company of Ontario	Approval of customer-owned equipment connected to network.	79 08 29

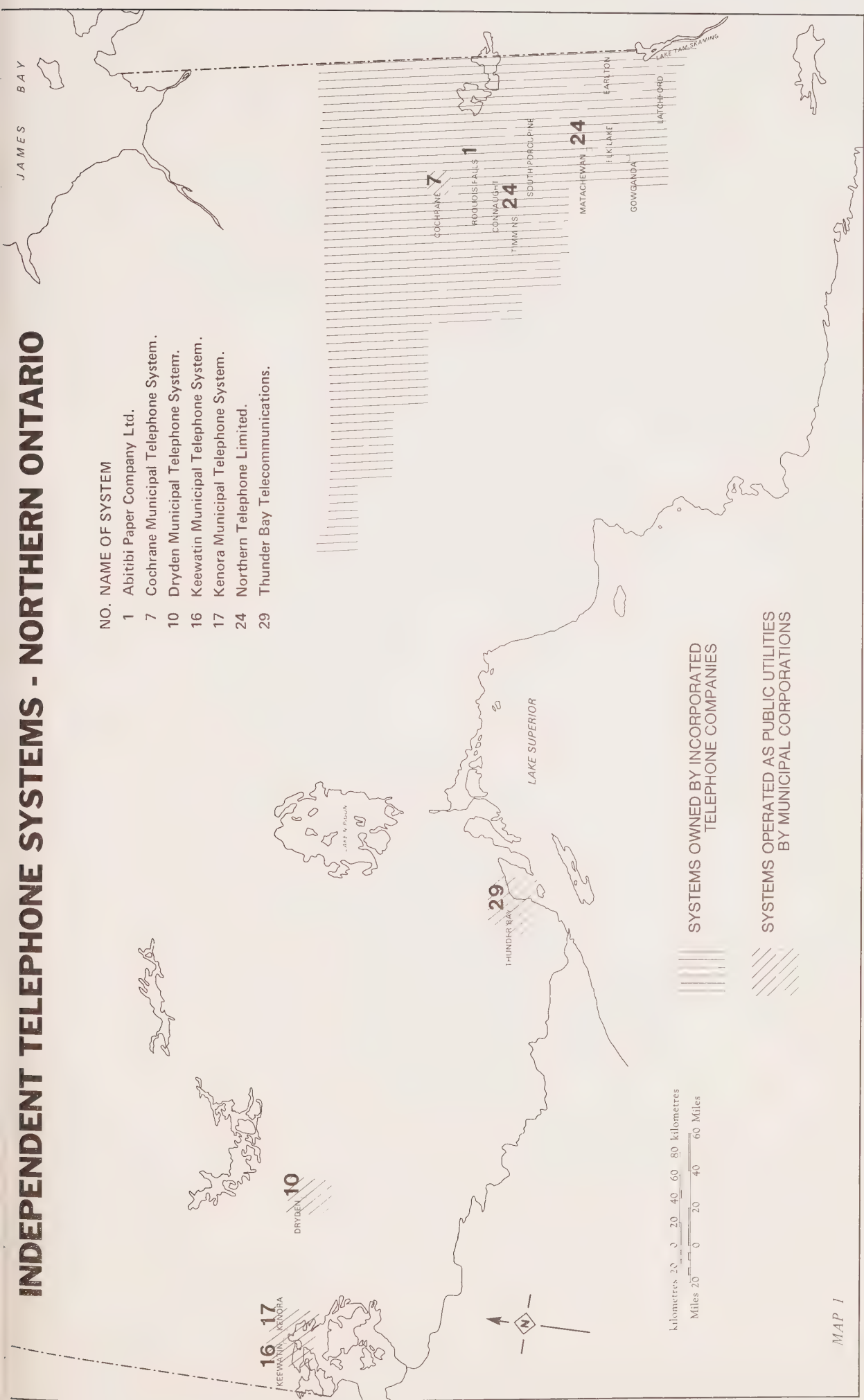
ORDER NO.	DATE ISSUED	APPLICANT	PURPOSE	EFFECTIVE
3882	79 10 03	People's Telephone Company of Forest Limited	Denial of application for increased rates.	79 10 03
3883	79 09 21	Durham Telephones Limited	Approval of Alternate Appendix B to the Traffic Agreement with Bell Canada.	79 09 21
3884	79 09 21	South Bruce Rural Telephone Company Limited	(	79 09 21
3885	79 09 21	Westport Telephone Company Limited	(	79 09 21
3886	79 09 21	North Renfrew Telephone Company Limited	(	79 09 21
3887	79 09 25	Community Telephone Company of Ontario Limited	Approval of a general increase in rates.	79 09 21
3888	79 09 28	Thunder Bay Telecommunications	Approval of rates for Call-Pac service.	79 09 20
3889	79 09 28	Blanshard Municipal Telephone System	Approval of an increase in revenue requirement.	79 09 20
3890	79 09 22	Roxborough Telephone Company Limited	Approval of Supplement No. 25 to the Traffic Agreement with Bell Canada.	79 09 28
3891	79 10 23	Thunder Bay Telecommunications	Approval of Alternate Appendix B to the Traffic Agreement with Bell Canada.	79 09 22
3892	79 11 01	Huron & Kinloss Municipal Telephone System	Approval of rates - October 1978 rate application.	79 10 23
3893	79 11 07	Ontario Telephone Development Corporation	Approval of a general increase in rates.	79 11 01
3894	79 11 01	Northern Telephone Limited	Approval of a sale of assets to Bell Canada.	79 11 07
3895	79 11 01	People's Telephone Company of Forest Limited	Approval to waive specific service connection charges for a limited period.	79 10 30
3896	79 11 01	Northern Telephone Limited	Approval to issue evidence of indebtedness.	79 10 30
3897	79 11 01	Dryden Municipal Telephone System	Approval of rates during suspended service.	79 10 30
3898	79 11 01	Huronario Telephones Limited	Approval of Supplement No. 8 to the Traffic Agreement with Bell Canada.	79 10 30
3899	79 11 09	Huronario Telephones Limited	Approval to waive specific service connection charges for a limited period.	79 10 30
3900	79 11 16	Hay Municipal Telephone System	Boundary dispute with People's Telephone Company of Forest Limited.	79 10 30
3901	79 11 19	Community Telephone Company of Ontario Limited	Denial of a general increase in rates.	79 10 30
3902	79 11 19	Keewatin Municipal Telephone System	Approval of Supplement No. 30 to the Traffic Agreement with Bell Canada.	79 10 30
3903	79 11 22	Coldwater Municipal Telephone System	Approval of Alternate Appendix B to the Traffic Agreement with Bell Canada.	79 11 19
			Denial of a general increase in rates.	79 11 22

COMMISSION ORDERS ISSUED - 1979				
ORDER NO.	DATE ISSUED	APPLICANT	PURPOSE	EFFECTIVE
3904	79 11 22	Mike Kouri	Application regarding terms and conditions for provision of telephone service by Community Telephone Company of Ontario Limited.	79 11 30
3905	79 11 21	Huron & Kinloss Municipal Telephone System	Approval of rate structure.	79 11 21
3906	79 11 30	Community Telephone Company of Ontario Limited	Denial of request for interim rate relief.	79 11 30
3907	79 12 14	People's Telephone Company of Forest Limited	Approval of extension of filing date for customer-ownership telephone facilities.	79 12 14
3908	79 12 18	Amtelecom Incorporated	Approval to waive specific service connection charges.	79 12 18
3909	79 12 19	North Frontenac Telephone Company Limited	Approval of change in late payment charge.	79 12 14
3910	79 12 19	Ontario Telephone Development Corporation	Approval of Supplement No. 1 to the Service Systems Agreement with Bell Canada.	79 12 14
3911	79 12 19	Ontario Telephone Development Corporation	Approval of Supplement No. ... 4	79 12 14
3912	79 12 20	Community Telephone Company of Ontario Limited	...20	79 12 14
3913	79 12 20	Community Telephone Company of Ontario Limited	...27	79 12 14
3914	79 12 20	Blanshard Municipal Telephone System	... 7...to the Traffic Agreement with Bell Canada.	79 12 14
3915	79 12 20	Community Telephone Company of Ontario Limited	Denial of an increase and extension of experimental period for Call-Pac.	79 12 14
3916	79 12 20	Huron & Kinloss Municipal Telephone System	Approval of Data Service Agreement with Northern Telephone Limited.	79 12 14

INDEPENDENT TELEPHONE SYSTEMS - NORTHERN ONTARIO

NO. NAME OF SYSTEM

- 1 Abitibi Paper Company Ltd.
- 7 Cochrane Municipal Telephone System.
- 10 Dryden Municipal Telephone System.
- 16 Keewatin Municipal Telephone System.
- 17 Kenora Municipal Telephone System.
- 24 Northern Telephone Limited.
- 29 Thunder Bay Telecommunications.



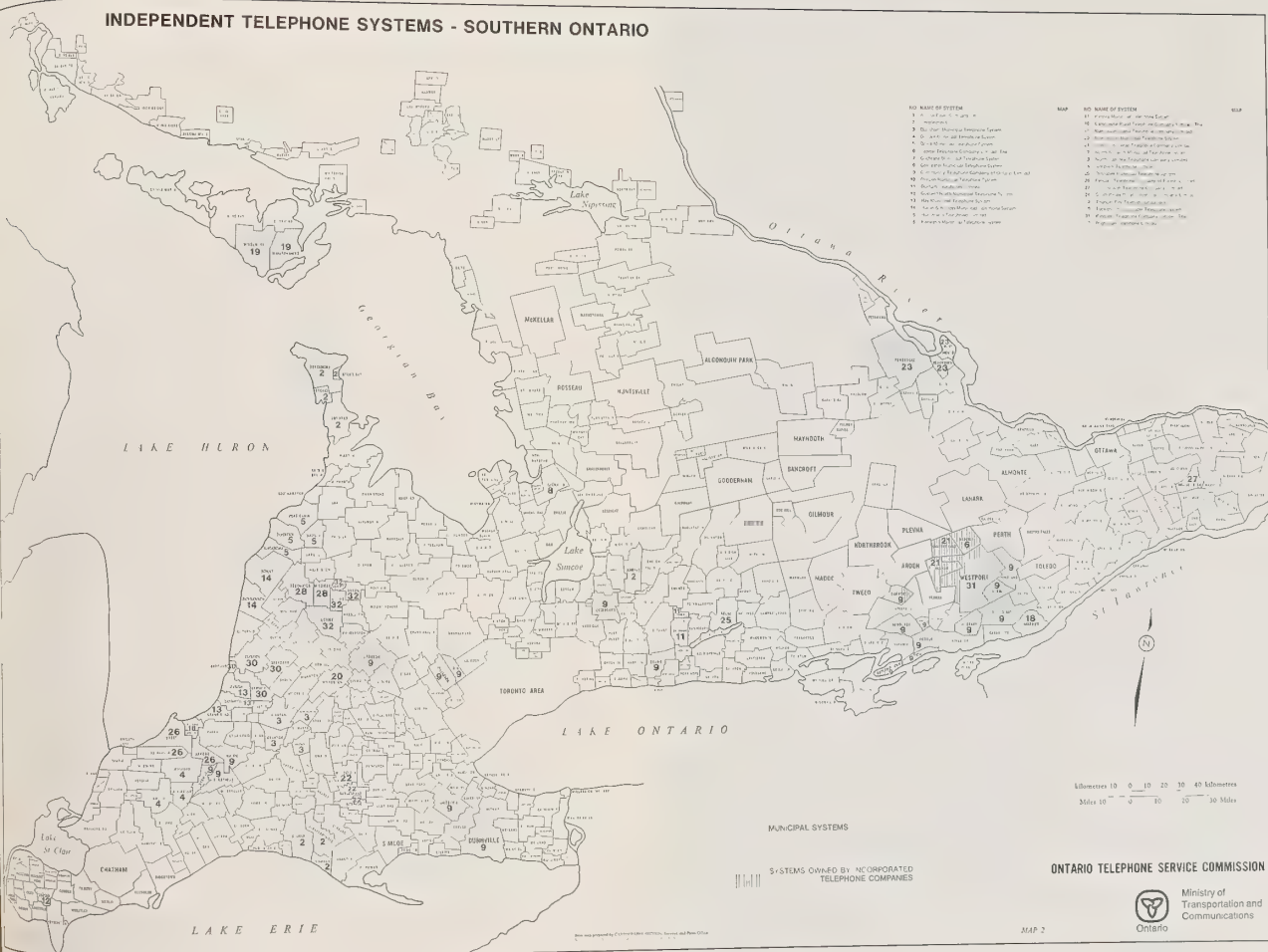
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Miles 20 0 20 40 60 Miles

SYSTEMS OWNED BY INCORPORATED
TELEPHONE COMPANIES

SYSTEMS OPERATED AS PUBLIC UTILITIES
BY MUNICIPAL CORPORATIONS

MAP 1

INDEPENDENT TELEPHONE SYSTEMS - SOUTHERN ONTARIO



MUNICIPAL SYSTEMS

SYSTEMS OWNED BY INCORPORATED
TELEPHONE COMPANIES

ONTARIO TELEPHONE SERVICE COMMISSION

Ministry of
Transportation and
Communications

ontario telephone service commission

annual report 1980



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Ministry of
Transportation &
Communications

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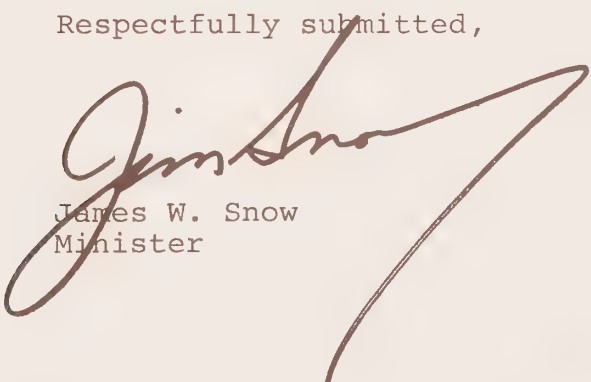
Ferguson Block
Queen's Park
Toronto Ontario

The Hon. John Black Aird, OC QC BA LL.D
Lieutenant Governor of Ontario
Legislative Building
Queen's Park

MAY IT PLEASE YOUR HONOUR

I beg leave to present the 1980 Annual Report
of the Ontario Telephone Service Commission for
the year ending December 31, 1980.

Respectfully submitted,


James W. Snow
Minister



Ontario
Telephone Service
Commission

Suite 200
3625 Dufferin
Downsview (C)
M3K 1Z2
416/248-383

December 31, 1980

The Honourable James W. Snow
Minister of Transportation and Communications
3rd Floor, Ferguson Block
Wellesley Street West
Toronto, Ontario

Dear Mr. Snow:

We have the honour to present herewith the
Annual Report of the Ontario Telephone Service
Commission for the year ending December 31,
1980.

Respectfully submitted,

Wladzia Bielski
Wladzia Bielski, Q.C.
Chairman

Frank D. Wall
F. Wall
Vice Chairman

E. A. Frith
E. A. Frith
Member

D. A. Austin
D. A. Austin
Member

Margaret E. Parry
M. E. Parry
Member

G. Klosler
G. Klosler
Member

CONTENTS

INTRODUCTION	1
THE COMMISSION	3
1. EXTERNAL LIAISON	
i) Canadian Independent Telephone Association	7
ii) Ontario Telephone Association	7
iii) Canadian Association of Members of Public Utility Tribunals (CAMPUT)	8
iv) National Association of Regulatory Utility Commissioners (NARUC)	8
2. SUMMARY OF COMMISSION DECISIONS ON GENERAL RATE APPLICATIONS	
i) Amtelecom Inc.	8
ii) Durham Telephones Limited	10
iii) Mornington Municipal Telephone System	11
iv) North Renfrew Telephone Co. Ltd.	11
v) Northern Telephone Limited	12
vi) People's Telephone Company of Forest, Limited	14
vii) Roxborough Telephone Company Limited	15
3. OTHER COMMISSION ACTIVITIES	
i) Uniform System of Accounts	16
ii) Equal Life Group - Depreciation Rates	16
iii) Sale of Community Telephone Company of Ontario, Limited	17
4. REGULATORY ISSUES	
i) Terminal Attachment	18
ii) Alternate Appendix B - Negotiations	18
iii) Municipal Telephone Subscribers	19
iv) Height of Communication Wires Regulations	20

CONTENTS

APPENDICES

i)	Amendment to section 96 of The Telephone Act (R.S.O. 1970, c.457) which received Royal Assent on May 1, 1980	22
ii)	Type of Entity of the Independent Telephone Systems operating in Ontario in 1980	22
iii)	Size Distribution of the Independent Telephone Systems operating in Ontario in 1980	23
iv)	Net growth of the Telephone Industry in Ontario since 1971	23
v)	Summary of Independent Telephone Systems Data as at December 31, 1980	24
vi)	Commission Orders issued - 1980	30
vii)	Map 1 - Independent Telephone Systems Operating in Northern Ontario	36
viii)	Map 2 - Independent Telephone Systems Operating in Southern Ontario	37

INTRODUCTION

The telecommunication industry is in a state of rapid and profound change. The factors contributing to change appear to be two-fold. First, on the supply side, technological developments in electronics due to the miniaturization of components and the expanding capacity of transmission systems has rapidly advanced the blending process which has been taking place between the telecommunication and data processing industries during the past decade. Second, on the demand side, the users of telecommunication services are developing a taste for more choice as well as a need for more effective communications in order to efficiently administer their internal affairs as well as to monitor their marketplace and quickly respond to the changes in consumer demand.

The Commission notes a continuous improvement in the level of service being provided to meet the demand for more sophisticated and reliable telecommunications service in all parts of the Province.

An example is the increasing number of telephone systems equipped for automatic number identification (ANI). During 1980, 6 systems introduced ANI and as a result a total of 14 systems serving approximately 56 percent of the independent telephone systems' subscribers provide ANI.

The Ontario government, in response to an expanding telecommunications environment released a document dated April, 1980, entitled "A Policy and Legislative Review of the Independent Telephone Industry in Ontario - Phase I - The Issues." The paper presents a review of the independent industry and raises a number of critical issues which must be addressed during the 1980's by the industry, the regulator and the legislature.

Both the public and the industry's response to the document will assist the government in revamping existing telecommunications legislation.

THE COMMISSION

The Ontario Telephone Service Commission regulates thirty-one independent telephone systems in Ontario under the authority of The Telephone Act (R.S.O. 1970, c.457).

Section 96 of the Act was amended during 1980, and as a result the Commission has the authority to set the terms and conditions of a traffic agreement between two systems in cases where the connecting systems are unable to reach agreement, or an agreement is filed for approval and the Commission elects to amend the proposed agreement.

Chairman of the Commission - Mrs. W. Bielski, Q.C.

Vice Chairman - Mr. F. D. Wall

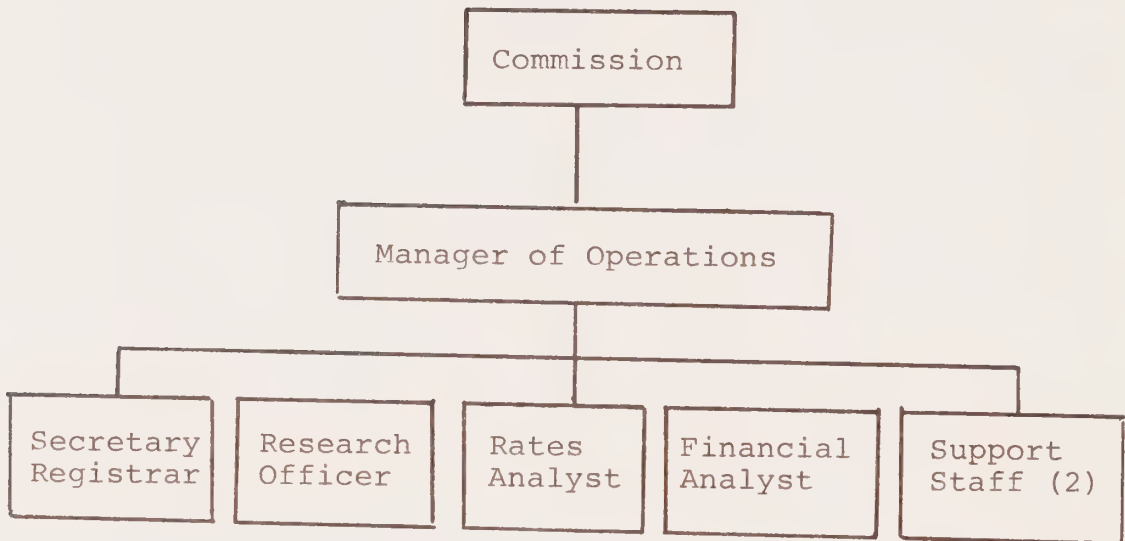
Member - Mr. E. A. Frith

Member - Mrs. M. E. Parry

Member - Mr. D. A. Austin

Member - Mr. G. Klosler

The Commission is assisted by seven staff members. The following chart represents the organizational structure of the Commission staff.



In 1980, the Commission attended 20 meeting days and heard 110 applications. It also held hearings in Cambray, Kapuskasing, Larder Lake, New Liskeard, Timmins and Toronto.

The Commission received a total of 43 written complaints during 1980, and these were distributed by Company as follows:

TELEPHONE SERVICE COMPLAINTS FROM
1977 - 1980

System	1980	1979	1978	1977
Amtelecom Inc.	7	3	4	4
Brooke M.T.S.	-	-	4	1
Bruce M.T.S.	3	-	5	3
Cambray (Sold to Amtelecom, May 1/79)	-	-	8	2
Durham Telephones	-	1	15	6
Hay M.T.S.	1	1	-	1
Huron & Kinloss M.T.S.	2	1	2	1
Manitoulin Island	5	3	-	-
North Frontenac	-	-	1	4
North Norwich M.T.S.	1	1	5	-
Northern Telephone Ltd.	20	13	11	8
People's Telephone Co.	2	1	2	-
Roxborough Telephone Co.	-	-	-	2
South Bruce Rural Tel. Co.	1	17	-	-
Taylor Telephone Co. (Amalgamated to Amtelecom, August 30, 1979)	-	1	4	10
Tuckersmith M.T.S.	1	1	-	1
Westport Telephone Co.	-	-	2	-
Wightman Telephone Ltd.	-	-	1	-
	<u>43</u>	<u>43</u>	<u>64</u>	<u>43</u>
TOTAL	43	43	64	43

The following is a summary of the number of Commission orders issued as per the purpose and the section under the Act.

<u>SECTION</u>	<u>NO. OF ORDERS</u>
10 Previous order revoked or amended	1
11 Settlement of disputes	2
71 Approval of By-Laws of Municipal Telephone Systems	2
73 Prescribing date of Annual Meeting of subscribers	1
88 Approval of Company By-Laws and Special Resolutions	4
91 Approval to interconnect customer-owned equipment	3
94 Request for telephone service	1
96 Approval of agreements for interchange of service between systems	55
102 Approval of agreement that may have effect of increasing cost of telephone service	1
103 Amalgamation or sale of system	1
105 Approval or denial of changes in local telephone rates	28
109 Approval to issue evidence of indebtedness	5
105 Prescribing filing date of Annual returns.	<u>3</u>
	<u>107</u>

1. EXTERNAL LIAISON

i) Canadian Independent Telephone Association

This year Mr. W. J. Withers of the Commission staff attended the Canadian Independent Telephone Association Annual Meeting held in Toronto on September 22, 23 and 24, 1980.

ii) Ontario Telephone Association

The Ontario Telephone Association represents most of the thirty-one independent telephone systems in Ontario. Both the Commission and the Ontario Telephone Association meet quarterly to discuss issues and topics of mutual concern. During 1980, the Commission and the Ontario Telephone Association reviewed the following items.

- 1) Uniform System of Accounts
- 2) Equal Life Group Depreciation
- 3) Interconnection
- 4) Rate Applications
- 5) Quality of Service
- 6) Usage Sensitive Pricing
- 7) Toll Settlement
- 8) Miscellaneous Equipment Applications
- 9) Height of Wire Regulation
- 10) Municipal Telephone Subscriber lists
- 11) Data Processing Services
- 12) Retroactivity of Agreements

Representatives from the Commission attended the Ontario Telephone Association's Fifteenth Annual meeting held in Peterborough on April 9, 1980.

iii) Canadian Association of Members of Public
Utility Tribunals (CAMPUT)

The Commission is an active member of CAMPUT and serves on the CAMPUT Committee on Technical Matters.

Commission members attended the CAMPUT annual meeting held in Vancouver from May 26-28, 1980.

iv) National Association of Regulatory Utility
Commissioners (NARUC)

The Commission is an associate member of NARUC. The Commission was represented at the NARUC 92nd annual meeting held in Houston, Texas from November 10-13, 1980.

2. SUMMARY OF COMMISSION DECISIONS ON GENERAL
RATE APPLICATIONS

i) AMTELECOM INC.

The rate application filed with the Commission in October 1979 sought approval of an average rate increase of approximately 20%, which would have generated an additional

\$195,300 in annual local revenues. Based on a 1980 test year the Applicant's calculations indicated a total additional revenue requirement of approximately \$546,800.

Interim Order No. 3932, issued February 29, 1980, approved \$179,000 in rate increases for three of the eight Amtelecom exchanges. The Applicant was also ordered to make recommendations concerning the appropriate rate base, cost of capital inclusion of the subsidiary acquisition adjustment in the rate base, and allocation of common expenses.

The Commission held public hearings in January and September 1980 providing opportunities for the public to address the Commission directly regarding the rate application. These hearings along with a detailed financial analysis of the application led the Commission to issue Order No. 4017 dated December 17, 1980. In that Order, the Commission concluded that a net asset rate base was preferable to an invested capital rate base due to Amtelecom's regulated and unregulated subsidiaries. Furthermore, the Commission determined that for the purpose of calculating a revenue requirement, a cost of capital which reflected the consolidated operation was more meaningful than an estimated cost of capital for the telephone operations exclusively.

The Commission also concluded that since Amtelecom could not justify the acquisition adjustment that it should not be included in the rate base. The Order granted an average rate increase of approximately 12% in the Cambray exchange.

ii) DURHAM TELEPHONES LIMITED

The application as filed in July 1980, requested an average rate increase of approximately 30% to generate an additional \$39,341 in annual revenues. Notices of the proposed rate increase were mailed to the Durham subscribers and placed in newspapers having circulation in the Applicant's serving territory. On November 19, 1980, the Commission held a combined public and financial hearing. However, no written or oral interventions were made to the Commission. After an examination of the application, the Commission employed a 1980 test year, adjusted for known changes and issued Order No. 4014 dated December 1, 1980 approving an additional revenue requirement of \$36,942. Order No. 4022 was subsequently issued approving average rate increases of approximately 28%.

The Commission also commended the Applicant for the improvement in telephone service since 1978.

iii) MORNINGTON MUNICIPAL TELEPHONE SYSTEM

The application for an increase in telephone rates of approximately 9% or total additional annual revenues of \$13,000 was filed with the Commission in July 1980.

After a financial hearing and full review of the application, the Commission concluded in Order No. 4015 dated December 1, 1980, that "the Applicant's present rate levels are more than sufficient to fulfill its revenue requirement pursuant to section 61 of the Act and has therefore denied any increase to the Applicant's current rates."

The Commission approved the rural upgrade program and commended the Applicant for the diligent effort made to improve telephone service.

iv) NORTH RENFREW TELEPHONE COMPANY LIMITED

The Applicant filed in May 1979 requesting additional annual local service revenues of \$18,642 based on a 1978 test year. Following a preliminary review of the application, the Commission was of the opinion that a financial emergency existed and issued Interim Order No. 3886 in September 1979 which granted interim rate

relief of \$18,642. After a full analysis of the rate application and after making certain adjustments to the 1979 test year, an additional revenue requirement of approximately \$1,900 was calculated in Order No. 4013, dated November 28, 1980.

Order No. 4013 concluded with the Commission expressing serious concern over the capital structure and the financial well-being of the Applicant.

v) NORTHERN TELEPHONE LIMITED

Northern Telephone Limited filed an application for approval of a change in rates for local telephone service in January 1980. The application requested approval of revisions to rates for services, equipment and facilities which would have generated an additional \$1,464,000 in revenues in 1981. It was estimated that the additional revenues requested, if approved, would have resulted in an average increase of approximately 18 percent in basic service rates. Notices of the proposed rates were mailed to each subscriber within the serving territory and, the Commission subsequently received seventy written submissions

and three petitions. Field hearings were held in Kapuskasing, Timmins and Larder Lake over a four-day period in May and a financial hearing was held in Toronto on May 21, 22 and 23, 1980.

The analysis of the application and information received during the financial hearing led the Commission to issue Order No. 3949 on June 27, 1980. Based on a 1981 test year and certain financial and forecasting adjustments, the Commission calculated an additional revenue requirement of \$763,000.

In order to test the reliability of the Applicant's estimates of a fully forecasted future test year, the Commission required annual filings of actual and proposed construction expenditures, estimate of revenue requirements, actual financial results and information regarding units in service.

On July 4 and July 11, 1980, the Commission issued Order Nos. 3950 and 3951 respectively, approving rates for telephone service.

vi) PEOPLE'S TELEPHONE COMPANY OF FOREST, LIMITED

The Commission received an application for a change in rates for local telephone service in April 1980. The application requested an annualized increase of \$30,000 on an interim basis and a final additional increase of \$88,400. It was estimated that the additional revenues requested would require a 37 percent increase in local service rates. Although the Applicant gave notice of the application and the proposed rates by mail to each of its subscribers, the Commission received only six written interventions.

In June 1980 the Commission issued Interim Order No. 3948 denying the interim increase. After examining the evidence the Commission concluded that there was no impending financial crisis which would warrant an immediate increase in local telephone service rates. A financial hearing was held in Toronto on October 9 and 10, 1980 at which time the Commission received a petition from nineteen business customers and a second petition with 464 signatures. The Commission also heard two oral submissions.

Although the application was filed on a 1980 future test year, the Commission, after a detailed review of past rate

applications and the forecasts submitted by the Applicant, concluded that a 1979 historic test year was most appropriate to determine any additional revenue requirement.

In Order No. 4016 dated December 5, 1980, the Commission calculated an additional revenue requirement of \$85,320. In that Order the Commission also expressed concern over the Applicant's construction program and quality of service and directed the Applicant to investigate these matters. A final Order was issued on December 22, 1980 approving a rate structure generating an additional \$85,320 in revenues per annum.

vii) ROXBOROUGH TELEPHONE COMPANY LIMITED

In May 1980, the Roxborough Telephone Company Limited filed an application for approval of increases in local telephone rates of approximately 19% on average in order to generate an additional \$6,700 in annual revenues. The Commission after having made an adjustment to the Applicant's average capital rate base calculated the additional revenue requirement. The results of this preliminary calculation indicated that the Applicant's estimate of 1980 income

unadjusted by the Commission was in excess of the Applicant's revenue requirement. Therefore, on December 11, 1980, the Commission issued Order No. 4021 denying increases in rates for local telephone service.

3. OTHER COMMISSION ACTIVITIES

i) Uniform System of Accounts

In its 1979 annual report, the Commission indicated that a final draft of the uniform system of accounts would be made available to both the Accounting Committee of the Ontario Telephone Association and the industry for comment. On September 5, 1980, the final draft was submitted to all interested parties for comment. The Commission plans to have a Uniform System of Accounts introduced by the beginning of 1982.

ii) Equal Life Group - Depreciation Rates

In the past, the Commission has received applications regarding changes in depreciation rates based on the introduction of the equal life group method. In light of these applications, the Commission undertook to develop a standard of basic data requirements which would be filed

in conjunction with such an application. This year the Commission completed "A Draft Discussion Paper on Filing Requirements for Changes in Depreciation Rates Based On The Use Of The Equal Life Group Method" a copy of which was sent to the Ontario Telephone Association for comment.

iii) Sale of Community Telephone Company of Ontario Limited to Bell Canada

On April 18, 1980, the Commission approved the sale of assets of the Community Telephone Company of Ontario Limited to Bell Canada. The main issue before the Commission was whether Bell Canada could provide Community Telephone Company of Ontario Limited's subscribers with efficient and adequate service. Based on testimony and evidence filed by both the Community Telephone Company of Ontario Limited and Bell Canada, the Commission determined that the sale was in the best interests of the public and approved the application. As a result of this sale, there are now thirty-one independent telephone systems under provincial authority in Ontario.

4. REGULATORY ISSUES

i) Terminal Attachment

As of December 31, 1980, the Commission had one active application for approval of attachment of customer-owned equipment to the independent Ontario telephone network. The Commission is aware of the interest by both the public and the independent telephone industry on the issue of customer-owned terminal attachment and will solicit the views of those parties during the hearing of the application.

ii) Alternate Appendix B - Negotiations

As a result of toll negotiations conducted between Bell Canada and the C.I.T.A. Toll Compensation Committee, a revised traffic settlement was agreed upon. The agreement provided for an increase in "A" Commissions which is the table used in calculating monthly payments based on originating toll charges. There were also revisions to W.A.T.S. (Wide Area Telephone Service) commissions as well as revisions to foreign exchange settlements and service station settlements. The Traffic Agreements, as filed by the individual independent telephone systems, were approved by the Commission.

iii) Municipal Telephone Subscribers

A "subscriber" in respect of a municipal telephone system is a landowner who has signed a petition to the council of a municipality for the establishment or extension of a telephone system to the landowner's property. By signing such a petition the landowner guarantees that any debentures assumed by the municipality for provision of service will be paid. This condition is binding on the landowner regardless of whether the property changes hands or not. A subscriber may only be released upon the authorization of the Commission or upon the sale of the system. In either case the subscriber is responsible for his share of the outstanding debenture debt.

Since most petitions for telephone service originated years ago, many of the original subscribers have either sold their property or are deceased. The Commission is endeavouring to ensure that an accurate record of subscribers is being maintained and in that regard, requires all municipal systems to make an annual filing concerning any changes in the number of subscribers.

iv) Height of Communication Wires Regulations

Upon the recommendation of the Commission, a regulation regarding clearances for communication lines of telephone systems was passed on November 21, 1980. This regulation amended the previous line height regulation passed in 1962.

APPENDICES

APPENDIX i)

Amendments to section 96 of The Telephone Act (R.S.O. 1970, c.457) which received Royal Assent on May 1st, 1980.

(2) Where it is in the public interest for two or more telephone systems to enter into an agreement under subsection 1 and the parties to the proposed agreement are unable to agree on the terms that are to be included in the agreement, any telephone system having an interest in the proposed agreement may apply to the Commission, and the Commission after such inquiry as it considers necessary, may direct specified terms to be included in the agreement.

(3) On an application for approval of an agreement entered into under subsection 1, the Commission, after such inquiry as it considers necessary, may make any amendment to the agreement that it considers to be in the public interest.

APPENDIX ii)

Type of Entity of the Independent Telephone Systems Operating in Ontario in 1980.

	Systems		Telephones	
	No.	%	No.	%
Systems operated as public utilities by municipal corporations	5	16.1	115,061	44.0
Municipal Systems	11	35.5	36,452	13.9
Incorporated companies	<u>15</u>	<u>48.4</u>	<u>109,933</u>	<u>42.1</u>
TOTAL	31	100.0	261,446	100.0

APPENDIX iii)

Size Distribution of the Independent Telephone Systems
Operating in Ontario in 1980.

No. of Telephones	No. of Systems	%
0 - 500	1	3.3
501 - 1,000	2	6.4
1,001 - 2,000	13	42.0
2,001 - 3,000	4	13.0
3,001 - 4,000	3	9.7
4,001 - 5,000	2	6.4
5,001 - 10,000	2	6.4
10,001 - 50,000	2	6.4
50,001 - 100,000	2	6.4
	<u>31</u>	<u>100.0</u>

APPENDIX iv)

Net growth of the Telephone Industry in Ontario
since 1971.

Dec. 31	No. of Systems	No. of Telephones	% Change
1971	40	194,942	3.39
1972	40	205,470	5.40
1973	40	216,007	5.13
1974	40	227,810	5.46
1975	40	240,700	5.66
1976	39	258,161	7.25
1977	36	262,363	1.63
1978	35	274,916	4.78
1979	32	284,288	3.41
1980	31	261,446	(8.03)

SUMMARY OF INDEPENDENT TELEPHONE SYSTEMS DATA AS AT DECEMBER 31, 1980								
GROUP	NAME OF SYSTEM	OPERATING HEAD	ADDRESS AND TELEPHONE NUMBER	EXCHANGES	TELEPHONE NUMBERS (A)	OTHER TELEPHONES (B)	TOTAL	TOTAL COMPANY TELEPHONES
3	Abitibi-Price Inc.	F. R. Robar Electrical Superintendent	Iroquois Falls POK 1E0 (705) 258-3241	Iroquois Falls	743	458	1,201	1,201
3	Amtelecom Inc.	R. B. Barnard President and General Manager	18 Sydenham St. East Aylmer N5H 1L2 (519) 773-8441	Aylmer Cambray Dyer's Bay Lion's Head Port Burwell Stokes Bay Straffordville Tobermory	4,482 611 113 729 612 89 976 463 8,077	2,451 113 21 219 219 14 401 123 3,561	6,933 724 136 948 831 103 1,377 586 11,638	11,638
2	Blanshard Municipal Telephone System	Lloyd Mardlin Manager	Kirkton NOM 1S0 (519) 229-8933	Granton Kirkton Sebringville Uniondale	532 945 1,032 397 2,906	299 523 493 190 1,505	831 1,468 1,525 587 4,411	4,411
2	Brooke Municipal Telephone System	Wilfred Chapman Manager	P. O. Box 40 Inwood NON 1K0 (519) 844-2160	Alvinston (S) Inwood Watford (S)	303 510 542 1,355	105 175 199 479	408 685 741 1,834	1,834
2	Bruce Municipal Telephone System	J. T. Scurfield Manager	Box 580 Kincardine N0G 2G0 (519) 396-3322	Kincardine Paisley Port Elgin Tiverton	3,461 854 3,233 1,035 8,583	1,684 339 1,345 294 3,662	5,145 1,193 4,578 1,329 12,245	12,245
3	Capital Telephone Company Limited	R. Botham Assistant Secretary- Treasurer	c/o Bell Canada 393 University Avenue 19th Floor Toronto M5G 1W9 (416) 599-4936	Maberly	193	62	255	255
1	Cochrane Public Utilities Commission	R. V. Nichols Secretary-Treasurer	153 Sixth Avenue Box 640 Cochrane P0L 1C0 (705) 272-4232	Cochrane	2,014	1,301	3,315	3,315

SUMMARY OF INDEPENDENT TELEPHONE SYSTEMS DATA AS AT DECEMBER 31, 1980

GROUP	NAME OF SYSTEM	OPERATING HEAD	ADDRESS AND TELEPHONE NUMBER	EXCHANGES	TELEPHONE NUMBERS (A)	OTHER TELEPHONES (B)	TOTAL	TOTAL COMPANY TELEPHONES
2	Coldwater Municipal Telephone System	Ernest Beach Chairman	P. O. Box 202 Coldwater LOK 1E0 (519) 686-3698	Coldwater	775	261	1,036	1,036
1	Dryden Municipal Telephone System	B. H. Moline Operations Manager	30 Van Horne Avenue Dryden P8N 2A7 (807) 223-2226	Dryden	3,026	2,386	5,412	5,412
3	Durham Telephones Limited	J. E. Downs General Manager	63 Brule Gardens Toronto M6S 4J5 (416) 767-4042	Cavan Millbrook	318 <u>785</u> 1,103	121 <u>326</u> 447	439 <u>1,111</u> 1,550	1,550
2	Gosfield North Municipal Telephone System	Jack Helkie Manager	Box 130 Cottam NOR 1B0 (519) 839-4734	Cottam	1,088	453	1,541	1,541
2	Hay Municipal Telephone System	W. H. Wagner Manager and Secretary-Treasurer	Box 99 Zurich NOM 2T0 (519) 236-4333	Dashwood Grand Bend Zurich	432 1,634 <u>905</u> 2,971	190 618 <u>346</u> 1,154	622 2,252 <u>1,251</u> 4,125	4,125
2	Huron and Kinloss Municipal Telephone System	C. Nicholson Manager	P. O. Box 220 Ripley N0G 2R0 (519) 395-2625	Dungannon Ripley	992 <u>2,011</u> 3,003	67 <u>160</u> 227	1,059 <u>2,171</u> 3,230	3,230
3	Huronario Telephones Limited	K. V. Stevens Secretary-Treasurer	P. O. Box 59 Thedford NOM 2N0 (519) 296-4926	Port Franks Thedford	809 <u>543</u> 1,352	237 <u>262</u> 499	1,046 <u>805</u> 1,851	1,851
1	Keewatin Municipal Telephone System	E. A. Sherred Clerk-Treasurer	P. O. Box 139 Keewatin POX 1G0 (807) 547-2881	Keewatin	832	424	1,256	1,256

SUMMARY OF INDEPENDENT TELEPHONE SYSTEMS DATA AS AT DECEMBER 31, 1980								
GROUP	NAME OF SYSTEM	OPERATING HEAD	ADDRESS AND TELEPHONE NUMBER	EXCHANGES	TELEPHONE NUMBERS (A)	OTHER TELEPHONES (B)	TOTAL	TOTAL COMPANY TELEPHONES
1	Kenora Municipal Telephone System	Art Jorgenson Manager	P. O. Box 1110 Kenora P9N 3X7 (807) 468-8906	Kenora	5,049	4,086	9,135	9,135
3	Lansdowne Rural Telephone Company Limited	R. B. Crawford Manager	P. O. Box 9 Lansdowne KOE 1L0 (613) 659-2222	Lansdowne	1,258	472	1,730	1,730
3	Manitoulin Island Telephone Company Limited	R. B. Barnard President	18 Sydenham Street East Aylmer N5H 1L2 (519) 773-8441	Manitowaning Mindemoya	841 <u>861</u> 1,702	279 <u>308</u> 587	1,120 1,169 2,289	2,289
2	Mornington Municipal Telephone System	E. J. Bay Secretary-Treasurer	16 Mill Street Milverton NOK 1M0 (519) 595-8331	Milverton	1,486	687	2,173	2,173
3	North Frontenac Telephone Company Limited	H. J. Schmidt Secretary-Treasurer	Box 130 Baden NOB 1G0 (519) 634-5300	Parham Sharbot Lake	395 <u>661</u> 1,056	78 <u>165</u> 243	473 826 1,299	1,299
2	North Norwich Municipal Telephone System	Ardyth Williams Secretary-Treasurer	P. O. Box 33 Burgessville NOJ 1G0 (519) 424-9171	Burgessville Norwich (S) Woodstock (S)	840 296 <u>262</u> 1,398	324 129 <u>148</u> 601	1,164 425 410 1,999	1,999
3	North Renfrew Telephone Company Limited	Walter Vandekemp Manager	Box 70 Beachburg K0J 1G0 (613) 582-3600	Beachburg Pembroke (S) Westmeath	520 234 <u>306</u> 1,060	195 110 <u>80</u> 385	715 344 386 1,445	1,445

SUMMARY OF INDEPENDENT TELEPHONE SYSTEMS DATA AS AT DECEMBER 31, 1980

GROUP	NAME OF SYSTEM	OPERATING HEAD	ADDRESS AND TELEPHONE NUMBER	EXCHANGES	TELEPHONE NUMBERS (A)	OTHER TELEPHONES (B)	TOTAL	TOTAL COMPANY TELEPHONES
3	Northern Telephone Limited	Murray Cooper President and General Manager	17 Paget Street Box H New Liskeard POJ 1P0 (705) 647-7311	Abitibi Canyon Calstock Cobalt Cochrane (S) Connaught Earlton Elk Lake Englehart Fauquier Gowganda Haileybury Hearst Iroquois Falls Kamiskotia Kapuskasing Kirkland Lake Larder Lake Latchford Matachewan Matheson Mattice Moonbeam New Liskeard Opasatika Opishong Ramore Smooth Rock Falls South Porcupine Swastika Timmins Virginiatown	119 125 913 599 110 836 210 1,394 230 75 1,741 2,613 1,919 48 5,002 4,986 421 135 144 666 327 499 3,692 133 9 349 904 2,804 686 14,374 439 46,502	149 45 386 183 28 310 77 598 60 25 845 1,830 926 8 3,871 2,769 125 42 55 305 116 188 2,523 53 2 114 489 2,360 311 9,049 171 28,013	268 170 1,299 782 138 1,146 287 1,992 290 100 2,586 4,443 2,845 56 8,873 7,755 546 177 199 971 443 687 6,215 186 11 463 1,393 5,164 997 23,423 610 74,515	74,515
2	Otonabee Municipal Telephone System	J. D. Coit Secretary-Treasurer	P. O. Box 40 Keene KOL 2G0 (705) 294-4412	Keene	884	323	1,207	1,207
3	People's Telephone Company of Forest, Limited, The	R. H. Sutherland Manager	P. O. Box 700 Forest NON 1J0 (519) 786-2351	Aberarder Arkona Forest	618 471 2,079 3,168	181 236 887 1,304	799 707 2,966 4,472	4,472

SUMMARY OF INDEPENDENT TELEPHONE SYSTEMS DATA AS AT DECEMBER 31, 1980

GROUP	NAME OF SYSTEM	OPERATING HEAD	ADDRESS AND TELEPHONE NUMBER	EXCHANGES	TELEPHONE NUMBERS (A)	OTHER TELEPHONES (B)	TOTAL	TOTAL COMPANY TELEPHONES
3	Roxborough Telephone Company Limited	J. W. Beach Manager	P. O. Box 179 Moose Creek KOC 1W0 (613) 538-2800	Moose Creek	377	166	543	543
3	South Bruce Rural Telephone Company Limited	A. T. McTavish Manager and Secretary-Treasurer	Teeswater N0G 2S0 (519) 392-6873	Mildmay Teeswater	1,030 911 <u>1,941</u>	274 232 <u>506</u>	1,304 1,143 <u>2,447</u>	2,447
1	Thunder Bay Telecommunications	H. W. McKinnon Manager	241 Vickers St. South Thunder Bay P7E 1J5 (807) 623-2711	Court Street Current River MacKenzie Murillo Riverview Rosslyn Shuniah Vickers Street	16,309 2,446 652 665 9,159 1,343 7,026 <u>16,196</u> 53,796	13,582 1,270 151 230 895 8,578 588 3,601 <u>14,147</u> 42,147	29,891 3,716 803 895 17,737 1,931 10,627 <u>30,343</u> 95,943	
2	Tuckersmith Municipal Telephone System	Mel Graham Secretary-Treasurer	R. R. #1 Brucefield NOM 1J0 (519) 482-9908	Bayfield Clinton (S) Hensall (S) Seaforth (S)	704 356 356 422 <u>1,838</u>	201 192 200 220 <u>813</u>	905 548 556 <u>642</u> 2,651	2,651
3	Westport Telephone Company Limited, The	H. A. Lynn Manager	Box 252 Westport K0G 1X0 (613) 273-2121	Westport	953	279	1,232	1,232
3	Wightman Telephone Limited	R. Wightman President	Box 70 Clifford N0G 1M0 (519) 327-8014	Ayton Clifford Gorrie Neustadt	385 577 1,107 329 <u>2,398</u>	184 258 524 102 <u>1,068</u>	569 835 1,631 431 <u>3,466</u>	3,466
	TOTALS				162,887	98,559	261,446	261,446

GROUP

[illegible]

COMMISSION ORDERS ISSUED - 1980				
ORDER NO.	DATE ISSUED	APPLICANT	PURPOSE	EFFECTIVE
3917	80 01 23	Community Telephone Company of Ontario Limited	Approval of Supplement No. ...10.	80 01 23
3918	80 01 23	Community Telephone Company of Ontario Limited	...11.	80 01 23
3919	80 01 23	Community Telephone Company of Ontario Limited	...11.	80 01 23
3920	80 01 23	Community Telephone Company of Ontario Limited	...19 to the Traffic Agreement with Bell Canada.	80 01 23
3921	80 01 30	Amtelecom Incorporated	Amendment to Order No. 3908.	80 01 30
3922	80 01 30	People's Telephone Company of Forest, Limited	Approval of Data Service Agreement with Northern Telephone Limited.	80 01 30
3923	80 02 05	Hurontario Telephones Limited	Approval of Supplement No. ...9 to the Traffic Agreement with Bell Canada.	80 02 05
3924	80 02 05	Hurontario Telephones Limited	Approval of customer owned equipment.	80 02 05
3925	80 02 05	People's Telephone Company of Forest, Limited	Approval of customer owned equipment.	80 02 05
3926	80 02 05	Dryden Municipal Telephone System	Approval to levy deposit charges.	80 02 05
3927	80 02 06	Thunder Bay Telecommunications	Approval of customer owned equipment.	80 02 06
3928	80 02 15	Keewatin Municipal Telephone System	Approval of revised local rate structure.	80 02 15
3929	80 02 22	Community Telephone Company of Ontario Limited	Approval of Supplement No. ...17.	80 02 22
3930	80 02 22	Community Telephone Company of Ontario Limited	...22 to the Traffic Agreement with Bell Canada.	80 02 22
3931	80 02 22	Amtelecom Incorporated	Order to submit a revised local rate structure based on additional revenue requirement.	80 02 22
3932	80 02 29	Amtelecom Incorporated	Approval of revised local rate structure.	80 03 01
3933	80 03 24	North Frontenac Telephone Company Limited	Approval to issue evidence of indebtedness.	80 03 24
3934	80 03 28	Northern Telephone Limited	Approval to waive certain installation charges.	80 04 21 to 80 05 30

ORDER NO.	DATE ISSUED	APPLICANT	PURPOSE	EFFECTIVE
3935	80 04 02	Thunder Bay Telecommunications	Approval of Supplement No. ...12 to the Traffic Agreement with Bell Canada.	80 04 02
3936	80 04 09	Cochrane Public Utilities Commission	Approval of Appendix A, Section III to the Traffic Agreement with Ontario Northland Transportation Commission.	80 04 09
3937	80 04 18	Community Telephone Company of Ontario Limited	Approval of sale of assets to Bell Canada.	80 04 18
3938	80 04 25	Thunder Bay Telecommunications	Approval of rates for SL-1 PBX equipment.	80 04 25
3939	80 04 29	Thunder Bay Telecommunications	Approval to waive certain installation charges.	80 05 08 to 80 05 10
3940	80 04 29	Northern Telephone Limited	Approval of By-Law No. 7.	80 04 29
3941	80 04 29	Otonabee Municipal Telephone System	Approval to hold late Annual Meeting.	80 04 29
3942	80 04 29	Cochrane Public Utilities Commission	Approval for late filing of Annual Returns.	80 04 29
3943	80 04 29	Hay Municipal Telephone System	Approval for late filing of Annual Returns.	80 04 29
3944	80 04 29	Otonabee Municipal Telephone System	Approval for late filing of Annual Returns.	80 04 29
3945	80 06 10	Huronario Telephones Limited	Approval of Supplement No. 10 to the Traffic Agreement with Bell Canada.	80 06 10
3946	80 06 20	Wightman Telephones Limited	Approval to issue evidence of indebtedness.	80 06 20
3947	80 06 20	Blanshard Municipal Telephone System	Approval of Digital Switching Agreement with Bell Canada.	80 06 20
3948	80 06 25	People's Telephone Company of Forest Limited	Denial of interim rate increase.	80 06 25
3949	80 06 27	Northern Telephone Limited	Order to submit a revised local rate structure based on additional revenue requirement.	80 06 27
3950	80 07 04	Northern Telephone Limited	Approval of revised local rate structure.	80 07 01
3951	80 07 11	Northern Telephone Limited	Approval of Miscellaneous Rates.	80 07 01
3952	80 07 10	Thunder Bay Telecommunications	Approval to issue evidence of indebtedness.	80 07 10

COMMISSION ORDERS ISSUED - 1980				
ORDER NO.	DATE ISSUED	APPLICANT	PURPOSE	EFFECTIVE
3953	80 07 10	Blanshard Municipal Telephone System	Approval of Supplement No. ...27	80 07 10
3954	80 07 10	People's Telephone Company of Forest Limited	...18	80 07 10
3955	80 07 10	Roxborough Telephone Company Limited	...7	80 07 10
3956	80 07 10	Hay Municipal Telephone System	...19	80 07 10
3957	80 07 10	Mornington Municipal Telephone System	...14	80 07 10
3958	80 07 10	Community Telephone Company of Ontario, Limited	...23 to the Traffic Agreement with Bell Canada and Supplement No. 1 to the Service System Agreement with Bell Canada.	80 07 10
3959	80 07 10	Hurontario Telephones Limited	Approval of Miscellaneous Rates.	80 07 10
3960	80 07 11	Coldwater Municipal Telephone System	Approval of By-Law No. 9.	80 07 11
3961	80 07 11	Durham Telephones Limited	Approval of Supplement No. 12 to the Traffic Agreement with Bell Canada.	80 07 11
3962	80 10 14	Durham Telephones Limited	Approval of Special Resolution.	80 07 11
3963	80 10 14	Durham Telephones Limited	Approval to issue evidence of indebtedness.	80 07 11
3964	80 10 14	Keewatin Municipal Telephone System	Approval of Supplement No. 9 to the Traffic Agreement with Bell Canada and approval of Lease of Circuit Agreement Nos. 2, 3, 7 and 9.	80 10 14
3965	80 10 14	Hurontario Telephones Limited	Approval to waive certain installation charges.	81 01 01 to 86 01 31
3966	80 10 14	Thunder Bay Telecommunications	Approval of Data-Pac Service Agreement with Bell Canada.	80 10 14
3967	80 10 21	Hurontario Telephones Limited	Approval of an application of compliance to Order No. 3899 (interim).	80 10 21
3968	80 10 29	Lansdowne Rural Telephone Company Limited	Approval to levy deposit charges.	80 10 29
3969	80 10 29	Northern Telephone Limited	Approval to levy deposit charges.	80 10 29

ORDER NO.	DATE ISSUED	APPLICANT	PURPOSE	EFFECTIVE
3970	80 10 30	Amtelecom Incorporated	Approval of Alternate Appendix B and Supplements to the Traffic Agreement with Bell Canada.	80 10 30
3971	80 10 30	Blanshard Municipal Telephone System	Approval of Supplement No. 27 to the Traffic Agreement with Bell Canada.	80 10 30
3972	80 10 30	Brooke Municipal Telephone System	Approval of Alternate Appendix B and Supplements to the Traffic Agreement with Bell Canada.	80 10 30
3973	80 10 30	Bruce Municipal Telephone System	)	80 10 30
3974	80 10 30	Capital Telephone Company Limited	)	80 10 30
3975	80 10 30	Coldwater Municipal Telephone System	)	80 10 30
3976	80 10 30	Dryden Municipal Telephone System	)	80 10 30
3977	80 10 30	Durham Telephones Limited	)	80 10 30
3978	80 10 30	Gosfield North Municipal Telephone System	)	80 10 30
3979	80 10 30	Hay Municipal Telephone System	)	80 10 30
3980	80 10 30	Huron and Kinloss Municipal Telephone System Limited	)	80 10 30
3981	80 10 30	Hurontario Telephones Limited	)	80 10 30
3982	80 10 30	Keewatin Municipal Telephone System	)	80 10 30
3983	80 10 30	Kenora Municipal Telephone System	)	80 10 30
3984	80 10 30	Lansdowne Rural Telephone Company Limited	)	80 10 30
3985	80 10 30	Manitoulin Island Telephone Company Limited	)	80 10 30
3986	80 10 30	Mornington Municipal Telephone System	)	80 10 30
3987	80 12 09	People's Telephone Company of Forest Limited	Approval of revised local rate structure.	81 01 01

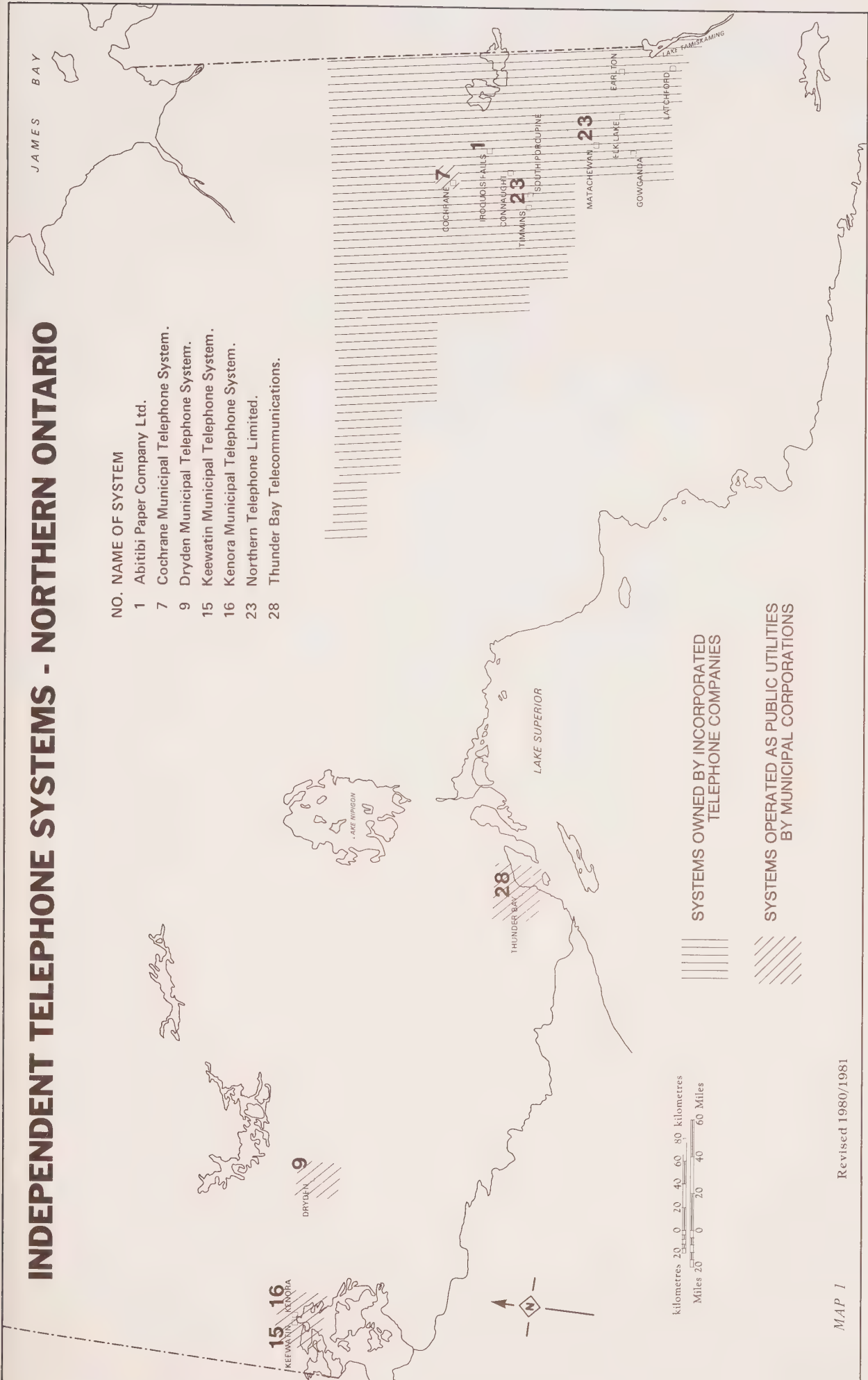
COMMISSION ORDERS ISSUED - 1980				
ORDER NO.	DATE ISSUED	APPLICANT	PURPOSE	EFFECTIVE
3988	80 10 30	North Norwich Municipal Telephone System	Approval of Alternate Appendix B and Supplements to the Traffic Agreement with Bell Canada.	80 10 30
3989	80 10 30	North Renfrew Telephone Company Limited	)	80 10 30
3990	80 10 30	Otonabee Municipal Telephone System	)	80 10 30
3991	80 10 30	People's Telephone Company of Forest Limited	)	80 10 30
3992	80 10 30	Roxborough Telephone Company Limited	)	80 10 30
3993	80 10 30	South Bruce Rural Telephone Company Limited	)	80 10 30
3994	80 10 30	Thunder Bay Telecommunications	)	80 10 30
3995	80 10 30	Tuckersmith Municipal Telephone System	)	80 10 30
3996	80 10 30	Westport Telephone Company Limited	)	80 10 30
3997	80 10 30	Wightman Telephone Limited	)	80 10 30
3998	80 10 30	Blanshard Municipal Telephone System	)	80 10 30
3999	80 10 30	North Norwich Municipal Telephone System	Approval of By-Law No. 1.	80 10 30
4000	80 11 03	Northern Telephone Limited	Approval of telephone answering/recording equipment rates.	80 11 03
4001	80 11 03	Durham Telephones Limited	Approval of issuance of indebtedness.	80 11 03
4002	80 11 03	Hurontario Telephones Limited	Approval of Special Resolution.	80 11 03
4003	80 11 03	Coldwater Municipal Telephone System	Approval of four-party service rates.	80 11 03
4004	80 11 03	Northern Telephone Limited	Approval to waive certain installation charges.	80 11 10 to 80 12 31
4005	80 11 21	Hurontario Telephones Limited	Approval of Supplement No. ...13.	80 11 21
4006	80 11 21	Amtelecom Incorporated	...9.	80 11 21

ORDFR NO.	DATE ISSUED	APPLICANT	PURPOSE	EFFECTIVE
4007	80 11 21	Blanshard Municipal Telephone System	Approval of Supplement No. ...31 to the Traffic Agreement with Bell Canada.	80 11 21
4008	80 11 24	Thunder Bay Telecommunications	Approval of lease of Switching for TWX and OUTWATS with Bell Canada.	80 11 24
4009	80 11 26	Hurontario Telephones Limited	Approval of an application of compliance to Order No. 3899.	80 11 26
4010	80 11 26	Hurontario Telephones Limited	Approval of Special Resolution.	80 11 26
4011	80 11 26	Northern Telephone Limited	Approval of Returned Cheque Processing Charge.	80 11 26
4012	80 11 26	North Frontenac Telephone Company Limited	Approval of one and two party rates. (Interim)	80 11 26
4013	80 11 28	North Renfrew Telephone Company Limited	Order to submit a revised local rate structure based on additional revenue requirement.	80 11 28
4014	80 12 01	Durham Telephones Limited	Order to submit a revised local rate structure based on additional revenue requirement.	80 12 01
4015	80 12 01	Mornington Municipal Telephone System	Approval of one and two party rural flat rates.	80 12 01
4016	80 12 05	People's Telephone Company of Forest Limited	Order to submit a revised local rate structure based on additional revenue requirement.	80 12 05
4017	80 12 09	Amtelecom Incorporated	Order to submit a revised local rate structure for the Cambray exchange.	80 12 09
4018	80 12 09	Brooke Municipal Telephone System	Approval of Service System Agreement with Bell Canada.	80 12 09
4019	80 12 09	Brooke Municipal Telephone System	Approval of Supplement No. 12 to the Traffic Agreement with Bell Canada.	80 12 09
4020	80 12 09	Blanshard Municipal Telephone System	Approval of Supplement No. 32 to the Traffic Agreement with Bell Canada.	80 12 09
4021	80 12 11	Roxborough Telephone Company Limited	Approval of four party rates and denial of a general rate increase.	80 12 11
4022	80 12 11	Durham Telephones Limited	Approval of revised local rate structure.	81 01 01
4023	80 12 11	Northern Telephone Limited	Terms and conditions for provision of service.	80 12 11

INDEPENDENT TELEPHONE SYSTEMS - NORTHERN ONTARIO

NO. NAME OF SYSTEM

- 1 Abitibi Paper Company Ltd.
- 7 Cochrane Municipal Telephone System.
- 9 Dryden Municipal Telephone System.
- 15 Keewatin Municipal Telephone System.
- 16 Kenora Municipal Telephone System.
- 23 Northern Telephone Limited.
- 28 Thunder Bay Telecommunications.

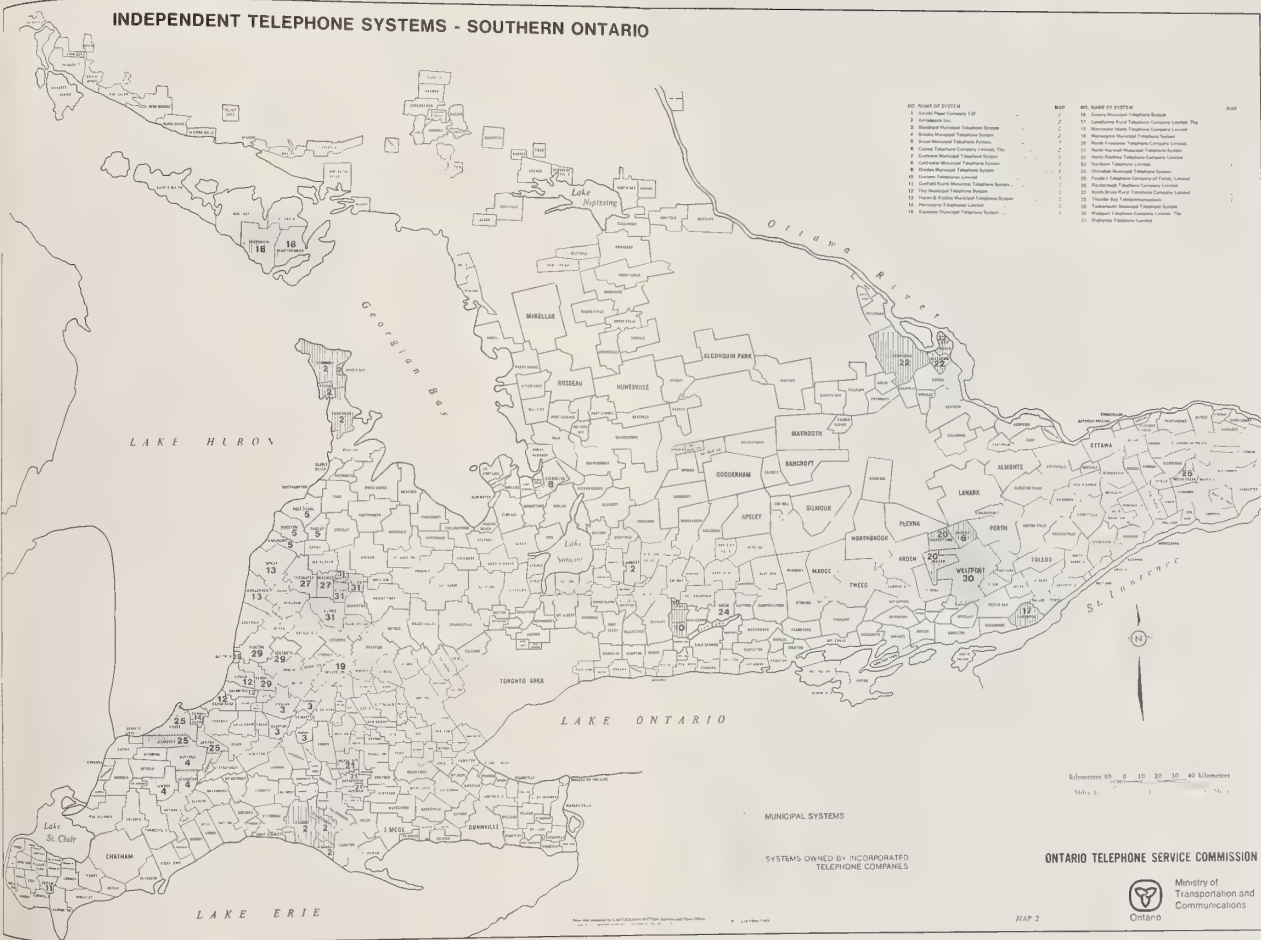


SYSTEMS OWNED BY INCORPORATED
TELEPHONE COMPANIES

SYSTEMS OPERATED AS PUBLIC UTILITIES
BY MUNICIPAL CORPORATIONS

kilometres 20 0 20 40 60 80 kilometres
Miles 20 0 20 40 60 Miles

INDEPENDENT TELEPHONE SYSTEMS - SOUTHERN ONTARIO



Kilometres 0 10 20 30 40 Kilometres

Miles 0 10 20 30 40 Miles

MUNICIPAL SYSTEMS

SYSTEMS OWNED BY INCORPORATED TELEPHONE COMPANIES

ONTARIO TELEPHONE SERVICE COMMISSION



Ministry of
Transportation and
Communications



ontario telephone service commission

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1981

annual report





Ministry of
Transportation &
Communications

416/965-2101

Ferguson Block
Queen's Park
Toronto Ontario

The Honourable John Black Aird, OC QC BA LL.D
Lieutenant Governor of Ontario
Legislative Building
Queen's Park

MAY IT PLEASE YOUR HONOUR

I beg leave to present the 1981 Annual Report of the
Ontario Telephone Service Commission for the year ending
December 31, 1981.

Respectfully submitted,

A large, stylized handwritten signature in dark ink, appearing to read "James W. Snow".

James W. Snow
Minister





Ontario
Telephone Service
Commission

Suite 200
3625 Dufferin S
Downsview On
M3K 1Z2
416/248-3831

December 31, 1981

The Honourable James W. Snow
Minister of Transportation and Communications
3rd Floor, Ferguson Block
Wellesley Street West
Toronto, Ontario.

Dear Mr. Snow:

We have the honour to present herewith the Annual Report
of the Ontario Telephone Service Commission for the year
ending December 31, 1981.

Respectfully submitted,

Wladzia Bielski
Wladzia Bielski, Q.C.
Chairman

F. Wall
F. Wall
Vice Chairman

E.A. Frith
E.A. Frith
Member

D.A. Austin
D.A. Austin
Member

M.E. Parry
M.E. Parry
Member

G. Klosler
G. Klosler
Member

ONTARIO TELEPHONE SERVICE COMMISSION
1981 ANNUAL REPORT

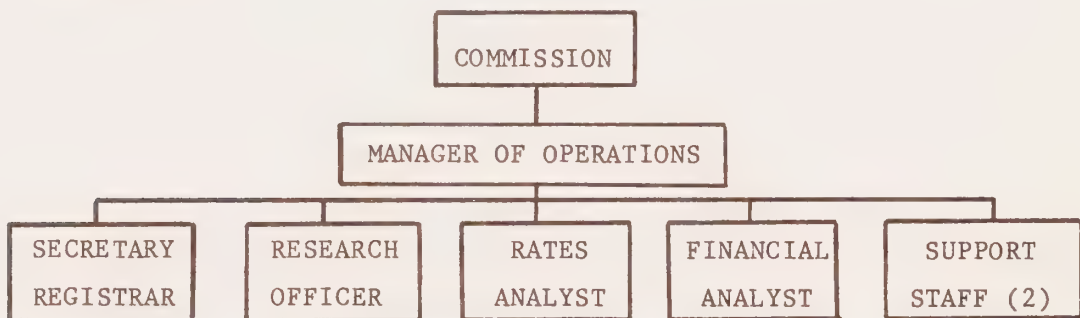
	<u>TABLE OF CONTENTS</u>	<u>PAGE</u>
1.	<u>THE COMMISSION</u>	2
2.	<u>MAJOR ACTIVITIES</u>	8
	i) Uniform System of Accounts	8
	ii) Equal Life Group Depreciation	9
	iii) Quality of Service	12
3.	<u>REGULATORY ISSUES</u>	13
	i) Terminal Attachment	13
	ii) Traffic Agreement Negotiations	14
	iii) Municipal Telephone System Subscribers	15
4.	<u>APPENDICES</u>	16
	i) Orders of judgements of the Commission.	16
	ii) Type of Entity of Independent Telephone Systems operating in Ontario in 1981.	17
	iii) Size distribution of Independent Telephone Systems operating in Ontario in 1981.	17
	iv) Net growth of the Telephone Industry since 1971.	17
	v) Summary of Independent Telephone Systems Data as at December 31, 1981.	18
	vi) Commission Orders issued - 1981.	24
	vii) Map - Independent Telephone Systems Operating in Ontario.	29

1. THE COMMISSION

The Ontario Telephone Service Commission regulates thirty-one telephone systems in Ontario. The Commission consists of six members as appointed by the Lieutenant Governor in Council.

Chairman of the Board	Mrs. V. W. Bielski, Q.C.
Vice-Chairman	Mr. F. Wall
Member	Mr. E. A. Frith
Member	Mrs. M. E. Parry
Member	Mr. D. A. Austin
Member	Mr. G. Klosler

The Commission is assisted by a staff of seven. The following chart outlines the present organizational structure of the Commission.



The Commission's governing statute is The Telephone Act (R.S.O. 1980, c.496) and in 1981 the Commission issued 76 Orders. The following is a summary of the number of Orders issued in respect to the purpose and the section under the Act.

<u>SECTION</u>	<u>NO. OF ORDERS</u>
10 Previous order revoked	8
11 Settlement of disputes	1
71 Approval of By-Laws of Municipal Telephone Systems	2
73 Approval to hold Annual Meeting	2
88 Approval of company By-Laws and Special Resolutions	4
89 Customer complaint	2
91 Approval to interconnect customer-owned equipment	4
96 Approval of agreements for interchange of service between systems	15
105 Approval of changes in local telephone service rates	33
109 Approval to issue indebtedness	2
115 Prescribing filing date of Annual returns	<u>2</u>
	<u>75</u>

In 1981 the Commission attended 22 Meetings and held 50 Public Hearings. The Commission also held field hearings in Beachburg, Cambray, Taylor, Keene and Westport.

The Commission issued three Orders in 1981 as a result of general rate applications. The following chart shows the disposition of the orders which are included as appendices to this report.

GENERAL RATE APPLICATIONS
JANUARY 1981- DECEMBER 1981

SYSTEM	HEARINGS	INTERVENORS	OUTCOME
AMTELECOM INC.	<u>Cambray</u> <u>Lions Head</u> <u>Toronto</u>	Thirty-two	92% of requests approved
NORTH RENFREW TELEPHONE COMPANY LIMITED	<u>Beachburg</u>	Five	100% of requests approved
ROXBOROUGH TELEPHONE COMPANY LIMITED	<u>Toronto</u>	None	65% of requests approved

The Commission also gave consideration to applications for authorization of the issue of indebtedness. Under section 109 of The Telephone Act a telephone system cannot issue stock, bonds, or notes, or other evidence of indebtedness such as long term loans covering a period over twelve months, until Commission authorization is granted. The Commission by it's order authorizes the issue and the amount thereof and states the purpose to which the issue or proceeds are to be applied. The amounts of the issue of evidence of indebtedness are indicated below.

INDEBTEDNESS APPROVED
JANUARY 1981 - DECEMBER 1981

DURHAM TELEPHONES LIMITED	\$300,000.00
WIGHTMAN TELEPHONE LIMITED	\$224,000.00

The Commission is also responsible to ensure that the public receives efficient and adequate telephone service. Any customer who is not satisfied with the service provided by a telephone system may lodge a complaint with the Commission with respect to a problem. In 1981 the Commission handled fifty-two complaints and inquiries. While most of the complaints were received as letters there were also oral complaints and inquiries. It should be noted that most were resolved by the Commission prior to the Commission's determination to hold a formal hearing to adjudicate the issue. The following tables indicate the type and totals of complaints and inquiries per system.

TELEPHONE SERVICE
CUSTOMER COMPLAINTS AND INQUIRIES

SYSTEM	OUTAGES	BILLINGS	LINE LOADS	DEPOSITS	SERVICE REQUEST	*EAS	OTHER	TOTAL
Abitibi-Price Inc.							1	1
Amtelcom Inc.	1	1			1	1	1	5
Blanshard Municipal Telephone System		2						2
Bruce Municipal Telephone System		2	1	1			1	5
Brooke Municipal Telephone System							1	1
Cochrane Public Utilities Commission							1	1
Durham Telephones Limited		1						1
Huron and Kinloss Municipal Telephone System					1			1
Lansdowne Rural Telephone Company Limited				1		1		2
Manitoulin Island Telephone Company Limited	4		2		1			7
North Frontenac Telephone Company Limited						1	1	2

TELEPHONE SERVICE
CUSTOMER COMPLAINTS AND INQUIRIES

SYSTEM	OUTAGES	BILLINGS	LINE LOADS	DEPOSITS	SERVICE REQUEST	*EAS	OTHER	TOTAL
North Norwich Municipal Telephone System	1							1
Northern Telephone Limited	2	1	4				2	9
Peoples Telephone Company of Forest Limited, The		1					5	6
Roxborough Telephone Company Limited						1		1
South Bruce Rural Telephone Company Limited				1				1
Thunder Bay Telecommunications						1		1
Tuckersmith Municipal Telephone System		1						1
Westport Telephone Company Limited, The					1	1	1	3
Wightman Telephone Limited							1	1
	8	9	7	3	4	5	16	52

*-Extended Area Service

2. MAJOR ACTIVITIES

(i) UNIFORM SYSTEM OF ACCOUNTS

The telephone systems in the Province of Ontario and under the jurisdiction of the Commission use widely differing accounting policies and practices. The Commission believes uniformity and comparability of these policies and practices should exist. To this end the Commission decided to look at the establishment of a Uniform System of Accounts.

In June 1977, a feasibility study carried out on behalf of the Commission recommended the development of a Uniform System of Account (USOA) based on the USOA of the Federal Communications Commission (FCC) in the United States. In March 1979, the Commission published a study paper to identify for discussion purposes some major issues related to the development of a USOA.

The Commission has held on-going discussions with the Ontario Telephone Association (OTA) which represents the industry in the province. The result of these discussions was the issuance by the Commission in August 1980 of the 'First Draft of the Uniform System of Accounts'. After additional meetings and correspondence with the OTA as to the context and related implementation procedures, the 'Second Draft of the Uniform System of Accounts' was made available to the industry in November 1981.

The Commission expects to have the USOA introduced in final form in 1982, and has contingency plans for assisting the industry during the early stages of implementation. The Commission staff will be available as required to work with any of the telephone systems to ensure that the USOA is properly set up and functioning.

Uniform accounting will assist the Commission in its efforts to establish rates that are just and equitable. The Annual Reports filed in conjunction with the Uniform System of Accounts, would expedite the rate application process.

(ii) EQUAL LIFE GROUP DEPRECIATION

Depreciation is usually the largest single operating expense of the telephone systems, and as such, it has the most impact on the amount of revenue required from the customers. For this reason, it is very important that the computation of depreciation expense be made on a sound basis and that the result be a fair and consistent treatment of depreciation within the jurisdiction.

With the regulated telephone companies using a wide variety of changing depreciation rates and calculation methods, the Commission had to make the choice between continuing to accept the calculations of the companies or developing its own framework for depreciation policies. This dilemma was brought about primarily as a result of Northern Telephone Limited's adoption of Equal Life Group (ELG) in 1973 as their method to calculate depreciation expense. Subsequently, the Commission in Order No. 3347 of July 1975, directed Northern Telephone to provide further information on their decision to adopt ELG. The company was to comment on the accuracy of the various methods involved and the degree of difficulty to be faced by the Commission in monitoring the data produced. The information that was supplied was not sufficient and so by Order No. 3382 of March 8, 1976, Northern Telephone Limited was ordered to revert to using a 5% composite depreciation rate on total plant and that in future any change would only occur following either a depreciation study and approval of the new methodology advanced or authorization of a particular methodology and/or particular depreciation rates.

Consolidating the information and the prior orders, the Commission presented to the industry in 1977, its decision in the form of a study paper entitled "Study of Depreciation Practices and Methods". The purpose of the study paper was to provide the technical basis for policy consideration by describing the various depreciation methods in use and how they evolved, with their respective benefits and disadvantages; a review of the regulatory status in both the United States and Canada, and a review more specifically of the Canadian situation with particular attention to the Ontario scene. One of the depreciation methods described was the Equal Life Group Procedure (ELG), a procedure that has arisen again to the forefront because of the impact that advanced technology was having on the service life of the capital assets of the systems, and in turn the resultant depreciation rates.

During the same year, 1977, Northern Telephone Limited filed for approval of depreciation rates as calculated under the ELG method.

The 1977 application, which was accompanied by a depreciation study provided the Commission with difficulties. These problems, as stated in Order No. 3756 of September, 1978, resulted in the denial of the depreciation rates requested.

"The Commission has found that the evidence was not sufficient to support the change in depreciation rates as applied for. It did not deal with the requirement for the exact recovery of capital nor did it demonstrate that verification is not an unreasonable difficult task."

However, Northern Telephone Limited was allowed the use of a 5.3% composite depreciation rate, thus recognizing the need for increased rates.

Also the Order stated:

"The Commission shares the view of the many authorities who consider the ELG procedure superior to other methods because it is more accurate in matching the capital cost with plant consumption."

and:

"The Commission also holds the view that before it can authorize the use of ELG, it must be satisfied that the results of using this method are acceptable."

The Commission cognizant of the rapidly changing technology affecting the telecommunications industry endeavoured to develop a program to try to address the failings of the provision of information for the ELG procedure as highlighted by Order No. 3756. Engaging a consultant, the Commission proceeded to draft a standard package for ELG filing.

In 1980 the Commission completed its studies and issued a paper entitled "A Draft Discussion Paper on Filing Requirements for Changes in Depreciation Rates Based on the Use of the Equal Life Group Method", which was circulated to the industry and the Ontario Telephone Association for comment. Subsequently responses were received and meetings held between the staff of the Commission, the Accounting Committee of the OTA, and staff of particular companies directly concerned with the outcome.

Using the outcome of these meetings, Northern Telephone Limited again filed an application in November of 1981 for approval of depreciation rates as calculated under the ELG procedure. The application was filed with an explicit Depreciation Study and provided information in the format as prescribed by the established filing requirements. The application is presently being processed and a decision is expected early in 1982.

(iii) QUALITY OF SERVICE

It is of significant importance today for both the telephone industry and it's regulator that the quality of service to customers be maintained at a high, and to the extent possible, uniform standard. Technological advances, improved economic conditions and increased costs have raised the customer's level of expectation for good telephone service. This has become abundantly clear at recent rate application hearings.

The Commission is in the process of considering relevant measurements to assure that high standards are set and achieved in areas of greatest importance to consumers. Only on this basis can the Commission determine whether rates requested for services rendered are just and reasonable.

The Commission, in February 1981, circulated a quality of service study to the industry and to the Ontario Telephone Association for comment. It is the Commission's intention to implement, with the aid of the industry, a Quality of Service Measurement Standard which will serve as a guideline to the Ontario telephone systems in their enterprise as telecommunications carriers.

3. REGULATORY ISSUES

(i) TERMINAL ATTACHMENT

In 1970, Order No. 2612 was issued by the Commission which specified certain requirements and general conditions for the interconnection of customer-provided telephone equipment to any of the telephone systems in Ontario. The conditions set out in Order No. 2612 were very general in nature to reflect the wide range of operating conditions experienced by the sixty-six telephone systems then operating in Ontario.

The Commission is aware that many technological and regulatory changes have occurred in regard to interconnection over the eleven year period since Order No. 2612 was issued. The Commission has been made acutely aware of these significant changes due, in part, to a greater number of applications pursuant to section 91 of The Telephone Act. The Commission has some concern with regard to such issues as network integrity and the physical means of interconnection. However, these issues were not resolved by Order No. 2612. The Commission, on November 12, 1981, issued Order No. 4090 which revoked Order No. 2612. The Commission, on November 13, 1981, issued two public notices. The first notice dealt with the revocation of Order 2612. The second notice was with respect to topics to be discussed at a general issues hearing on terminal attachment.

In the public notice concerning the general issues hearing, the Commission requested both the industry and the public to comment on the issue of terminal attachment. All interested parties had until December 30, 1981, to suggest issues which would be relevant to the subject of terminal attachment. The Commission believes that a complete re-examination of all current issues regarding terminal interconnection will be beneficial for both the customers served by the telephone systems and the telephone systems themselves. In this regard, it is the Commission's intention to hold a public hearing in the spring of 1982 on customer provided terminal attachment, and to encourage the participation of all interested parties in such a hearing.

(ii) TRAFFIC AGREEMENT NEGOTIATIONS

In August of 1981 the Ontario Telephone Association, in conjunction with the Canadian Independent Telephone Association, informed the Commission that they had reached an agreement in principle with Bell Canada's proposed toll settlement revisions.

The "A commission" tables were replaced with two new formulas for calculating commission payment per message. The overall effect amounted to a 5% increase in commission payments. A new Traffic Agreement format was devised with contracts to run for a period of two years. The terminal commission for Group 1 services was increased by approximately 30%.

The Commission reviewed the new traffic agreement format and found it, in principle, to be acceptable. However, the Ontario Telephone Association was informed that each application for approval of the agreement would have to be received by the Commission and studied before further consideration could be given.

The Commission expects the new traffic agreements between Bell Canada and the telephone systems to be filed early in 1982.

(iii) MUNICIPAL TELEPHONE SUBSCRIBERS

A "subscriber" in respect of a municipal telephone system is a landowner who has signed a petition to the council of a municipality for the establishment or extension of a telephone system to the landowner's property. By signing such a petition the landowner guarantees that any debentures assumed by the municipality will be paid. This condition is binding on the land owner regardless of whether the property changes hands or not. A subscriber may only be released upon authorization of the Commission or upon sale of the system. In either case the subscriber is responsible for his share of the outstanding debenture debt.

It is the responsibility of the commissioners of the telephone system, under section 84(1) of The Telephone Act, to ensure that proper records are kept of the name of every subscriber and the location of his subscribed property. In order to ensure that an accurate record is kept the municipal telephone systems are required to file all changes to the subscriber listing with the Commission. The Commission has been pleased with the co-operation it has received from the municipal telephone systems.

4. APPENDICES

APPENDIX (i)

ORDERS OF JUDGEMENTS OF THE COMMISSION

- 4067 IN THE MATTER of an application by Amtelecom Inc. for approval of a change in rates for telephone service.
- 4074 IN THE MATTER of a rehearing of an application by the Roxborough Telephone Company Limited for approval of a change in rates for local service.
- 4077 IN THE MATTER of an application by the North Renfrew Telephone Company Limited for approval of a change in rates for telephone service.
- 4080 IN THE MATTER of an application by the Zenith Radio Corporation for approval of connection of the customer-provided Zenith Radio Space Phone to the telephone networks of the telephone systems in Ontario.
- 4096 IN THE MATTER of an application by Mr. and Mrs. Donald Philp in regard to a dispute with the People's Telephone Company of Forest Limited regarding a toll billing.



ONTARIO TELEPHONE SERVICE COMMISSION

Order No. 4067
Thursday, the 27th day of August, A.D. 1981

B E F O R E

W. Bielski, Q.C.	)	IN THE MATTER of sections 6(1),
Chairman,	)	12 and 105 of The Telephone Act
	)	(R.S.O. 1980, c.496)
F. Wall,)	
Vice Chairman,	)	and
)	
E. A. Frith,	)	IN THE MATTER of an Application by
Member,	)	Amtelecom Inc. for approval of a
	)	change in rates for local telephone
M. E. Parry	)	service
Member, and)	
)	
G. Klosler,)	
Member.)	

HEARD AT:

Lion's Head	June 16, 1981
Cambray	June 24, 1981
Toronto	July 23, 1981

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4067

For the Applicant:

Mr. R. B. Barnard	President and General Manager
Mr. W. Berko	Controller-Treasurer
Mr. P. Van Wychen	Manager, Taylor Telephone Company
Mr. K. Wolfe	Manager, Cambray Telephone Company
Mrs. B. Bailey	Amtelecom Incorporated

Appearance at Hearings:

Mrs. J. Ashcroft	Mrs. D. Matthews
Mr. & Mrs. G. Barber	Miss B. Miller
Mrs. Bradley	Mrs. F. More
Mrs. A. Burke	Mrs. McCurdy
Mrs. J. Craig	Mr. S. McGann
Mr. V. Elliot	Mr. D. McLay
Mr. H. Forbes	Mr. A. O'Grady
Mrs. Frazer	Mr. S. Patterson
Mr. Hanson	Mr. R. Peacock
Mrs. L. Harper	Mr. G. Phillips
Mr. J. Hawke	Mr. A. Ralph
Mr. Hilliard	Mrs. C. Riches
Mr. Hutchinson	Mrs. M. Sweet
Mrs. L. Ireland	Ms. Tilbridge
Mr. L. R. King	Mrs. A. M. Vogan
Mrs. B. Knight	Mr. & Mrs. T. Wilson

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4067

INDEX TO ORDER

<u>Section</u>	<u>Title</u>	<u>Page</u>
1.0	Order	1
2.0	Background	1
3.0	Test Year	2
4.0	Revenues	4
4.1	Local Service Revenue	4
4.2	Long Distance Service Revenues	4
4.2.1	Revisions to Alternate Appendix B of the Traffic Agreement	5
4.2.2	Toll Rate Increase	6
4.2.3	Supplement to the Traffic Agreement	6
4.3	Non-Recurring Service Charges	8
4.4	Summary of Adjustments to Revenue	9
5.0	Expenses	10
5.1	Uncollectible Revenue	10
5.2	Gross Receipts Taxes	10
6.0	Rate Base	11
6.1	Calculation of Rate Base	12
6.2	Working Capital	13
7.0	Rate of Return	14
7.1	Capital Structure	14
7.1.1	Acquisition Adjustment	14
7.1.2	Future Capital Structure	15
7.1.3	Capital Structure Weights	16
7.2	Cost of Debt Capital	17
7.2.1	Long-Term Debt	18
7.3	Cost of Equity	18
7.4	Allowed Range of Return on Total Capital	19
8.0	Revenue Requirement	20
9.0	Quality of Service	24
9.1	Field Hearing in Lion's Head	24
9.2	Field Hearing in Cambray	25
10.0	Comment	27
11.0	Rates	29
11.1	Basic Monthly Exchange Rates	29
11.2	Flat Rates	30
11.3	Locality Rate Area	32
11.4	Extension Telephones	33
11.5	Non-Recurring Service Charges	34
11.6	Miscellaneous Service and Equipment	34

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4067

INDEX OF TABLES

<u>Table No.</u>	<u>Title</u>	<u>Page</u>
I	Statement of Revenue and Summary of Adjustments 1981 Test Year	9
II	Calculation of Net Asset Rate Base	12
III	Capital Structure Amtelecom Consolidated and Amtelecom Unconsolidated (Telephone Operations) - 1981 Test Year	16
IV	Calculation of the Overall Cost of Capital - 1981 Test Year	19
V	Income Statement - 1981 Test Year	21
VI	Additional Revenue Requirement	22

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4067

1.0 ORDER

1.1

UPON THE APPLICATION of Amtelecom Inc., hereinafter referred to as the Applicant, upon reading the application and other material filed and upon evidence presented during the hearing,

1.2

THE COMMISSION ORDERS under and in pursuance of sections 6(1) and 105 of The Telephone Act (R.S.O. 1980, c.496) that the Applicant establish rates in accordance with this Order to become effective on or after the first day of September, 1981.

2.0 BACKGROUND

The Applicant filed an application for approval of changes in local telephone rates and non-recurring service charges on March 10, 1981 for the exchanges of Aylmer, Cambray, Dyer's Bay, Lion's Head, Port Burwell, Stokes Bay, Straffordville and Tobermory. The Applicant proposed an interim rate increase effective May 1, 1981 which would have generated an additional \$103,632 annually and a final rate increase effective September 1, 1981 which would have generated additional annual revenues of \$176,088 inclusive of the interim increase. It was estimated that the total additional revenue requested would require an average increase in telephone rates of approximately 13.6%.

2.0 BACKGROUND (Contd...)

On March 13, 1981, the Applicant mailed a Notice of Application to each customer which set out the present and proposed rates. Written interventions were to be filed with the Commission on or before April 13, 1981. The Commission received 52 written submissions and a petition from Taravista Estates in the Cambray exchange. The Commission, on April 29, 1981, issued Order No. 4054 approving an interim increase in non-recurring service charges for the Aylmer, Cambray, Dyer's Bay, Lion's Head, Port Burwell, Stokes Bay, Straffordville and Tobermory exchanges. By Order No. 4054 the Commission also approved an interim increase in local monthly service charges for the Aylmer, Port Burwell and Straffordville exchanges effective May 1, 1981. The interim increases results in additional annual revenues of \$90,864.

Notice of the public hearing in Lion's Head and Cambray was placed in newspapers serving these areas and the hearing was subsequently held in the Lion's Head Arena on June 16, 1981 and in the Cambray Community Centre on June 24, 1981. Notice of a financial hearing was placed in the Aylmer Express, Lindsay This Week, St. Thomas Times Journal, Sun Times, Tillsonburg News, Wiarton Echo and Thursday Post on June 10, and June 17, 1981. The financial hearing was held in the Commission's offices in Toronto on July 23, 1981.

3.0 TEST YEAR

The use of a test year for a revenue requirement calculation permits the Applicant and the Commission to focus on a set of financial data for a particular operating period adjusted to annualize known changes which have occurred or may occur within the operating period. The changes in revenues, expenses, etc

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4067

3.0 TEST YEAR (Contd...)

occurring within the year will only have a partial year's effect in the test year. However, since a full year effect will be realized in future periods an annualizing adjustment must be made. This permits a more accurate calculation of rates which will be sufficient for future periods.

When the application was filed in March, the Applicant proposed the use of the 1981 fiscal year, which covers a period from September, 1980 to August 31, 1981, as the test year. The Applicant made use of five months actual data¹, which was available at that time and provided estimates for the remaining seven months.² In June 1981, the Commission requested the Applicant to revise the estimates based on nine months actuals³ and three months estimates⁴. It is this revised financial data that the Commission has chosen to employ in order to calculate the Applicant's additional revenue requirement.

¹ September 1, 1980 to January 31, 1981.

² February 1, 1981 to August 31, 1981.

³ September 1, 1980 to May 31, 1981.

⁴ June 1, 1981 to August 31, 1981.

4.0 REVENUES

4.1 Local Service Revenue

As outlined in Section 2.0 of this Order, the Commission approved an interim rate increase in local service rates for the Aylmer, Port Burwell and Straffordville exchanges. The interim rates as approved will generate additional annual revenues of \$71,604. The Commission approved the interim rate structure effective May 1, 1981, and therefore the Applicant will realize additional revenues only for the remaining four months of the 1981 test year which ends August 31, 1981. In reply to interrogatory OTSC05JUN81-602 the Applicant stated that the part year effect of the rate increase would result in an additional \$42,000 during the fiscal year.

As discussed in Section 3.0 of this Order, employing a test year requires the Commission to calculate the twelve month effect of rate increases for the purpose of determining an additional revenue requirement. Therefore, the Commission has adjusted local service revenues by \$29,604 in order to reflect annualized effect of the \$71,604 interim rate increase.

4.2 Long Distance Service Revenues

For the test year ending August 31, 1981, the Applicant estimated long distance service revenues of \$1,503,342.⁵ There are a number of factors affecting this estimate. The areas which require a Commission adjustment are examined in more detail below.

⁵ Reply to Interrogatory OTSC05JUN81-601.

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4067

4.2.1 Revisions to Alternate Appendix B
of the Traffic Agreement

The Alternate Appendix B to the Traffic Agreement provides for the division of gross toll revenue between the Applicant and Bell Canada. At the time of the financial hearing on July 23, 1981, a revised Alternate Appendix B had not been negotiated, the previous agreement having expired June 21, 1981. However, the Applicant had made certain assumptions regarding the revised Alternate Appendix B and accordingly included an amount of \$15,000 as the additional revenue which was expected from June 21, 1981 to August 31, 1981.⁶ During the hearing, the Applicant was directed to file an estimate of the annualized impact of the expected change in the Alternate Appendix B based on a 1981 test year. Subsequently, the Applicant submitted an estimate of additional annual toll revenues and the Commission used this and other evidence to determine the magnitude of the adjustment.

During the financial hearing it was indicated to the Commission that revisions to the Alternate Appendix B would provide an additional 5 percent in total toll revenue.⁷ The Commission has employed the 5 percent increase to the Applicant's actual nine months total toll revenue as reported in reply to interrogatory OTSC05JUN81-601. The remaining three months have been estimated by the Applicant and included an amount of \$15,000 for the increase in the Alternate Appendix B from June 21, 1981 to August 31, 1981.⁸ The Commission has taken these actuals and forecasts into account and estimates that the additional annual revenues which can be expected from a 5 percent increase in the Alternate Appendix B is approximately \$72,017.

Since the Applicant has already included \$15,000 as the partial year effect of the Alternate Appendix B, as noted above, the Commission adjusts 1981 toll service revenue by \$57,017 to reflect the annualized impact of the expected changes in the Alternate Appendix B.

⁶ Reply to Interrogatory OTSC05JUN81-602.

⁷ Transcript of Financial Hearing, July 23, 1981 pp 8, 10 and 13.

⁸ Reply to Interrogatory OTSC05JUN81-602.

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4067

4.2.2 Toll Rate Increase

At the date of the issuance of this Order, the Canadian Radio-television and Telecommunications Commission had not issued a decision regarding Bell Canada's application for toll rate increases between toll centres in Ontario and Quebec. Since the Applicant's test year ends August 31, 1981, the Commission will not make any adjustment to toll service revenue for the purpose of determining an additional revenue requirement.

4.2.3 Supplement to the Traffic Agreement

Order No. 4017 was issued December 17, 1980 in response to a general rate application filed by the Applicant in October 1979. In that Order the Commission reviewed the Applicant's financial performance and noted that the additional revenue requirement was far in excess of the additional revenues sought by the Applicant. The Commission concluded its comments with the observation that "given the current financial position of the Company, it is imperative that the matter of the additional revenue requirement be addressed by the Applicant."

The Commission is pleased to note that shortly thereafter the Applicant took action to address the serious shortfall as determined in Order No. 4017.

In reply to interrogatory OTSC28APR81-803 the Applicant outlined a series of meetings that had been held with Bell Canada for the purpose of revising the Traffic Agreement. The Applicant indicated that it was their hope that certain supplements to the Traffic Agreement could be negotiated, which would provide Amtelecom with a supplementary payment over and above the normal retention of gross toll revenue.

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4067

4.2.3 Supplement to the Traffic Agreement (Contd...)

At the financial hearing on July 23, 1981, Mr. Barnard, appearing on behalf of the Applicant, stated that a proposal had been received but that there had not been sufficient time to examine it in detail. The Applicant was requested by the Commission to file a copy of the response to the proposed supplement to the Traffic Agreement once a decision had been made. On July 27, 1981, the Commission received a copy of the Applicant's letter accepting the proposed supplement in principle. The proposed supplement reflects the Applicant's revenue shortfall for a six month period.⁹ After an analysis of the Applicant's operations Bell Canada employed the comparative requirements test (CRT) method to determine the amount of the supplement.

The Commission has not received an application from the Applicant for approval of the proposal and has not had the opportunity to examine the proposal in detail nor is the Commission aware whether or not the Applicant has formally accepted the proposal. However, during the financial hearing of July 23, 1981, Mr. Barnard, witness for the Applicant, stated that,

...from the review we have had of it, we are in agreement with the basic approach used and the major steps taken and in this particular case the final result achieved in terms of the supplement that they propose to us over the period March '81 to August '81¹⁰

Since the Applicant has indicated basic agreement with the proposal the Commission has included the proposed supplement of \$74,686 in toll revenue for the purpose of determining an additional revenue requirement.

⁹ March 1, 1981 to August 31, 1981.

¹⁰ Transcript of Financial Hearing, July 23, 1981, pp 77-78.

4.3 Non-Recurring Service Charges

Interim Order No. 4054 issued April 29, 1981, approved an increase in non-recurring service charges in the Applicant's operating territory. These revised non-recurring service charges became effective May 1, 1981 and the Applicant has estimated non-recurring service charge revenues of \$64,880. However, the estimate only includes an amount of \$5,000 which represents a partial year's effect of the increase in non-recurring service charges.¹¹ Therefore, the Commission has adjusted non-recurring service charges by \$14,260 to reflect additional annual revenues from non-recurring service charges of \$19,260 as approved in Interim Order No. 4054 as outlined in Section 2.0.

¹¹ Reply to Interrogatory OTSC05JUN81-602.

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4067

4.4 Summary of Adjustments to Revenue

Table I provides a summary of the adjustments discussed in sections 4.1 to 4.3 and in section 5.1

TABLE I

Statement of Revenue and Summary of Adjustments
1981 Test Year

	<u>Reply to</u> <u>Interrogatory</u> <u>OTSC05JUN81-601</u>	<u>Commission</u> <u>Adjustment</u>	<u>Revised</u> <u>Revenue</u>
Local Service	\$1,273,767	\$29,604 ¹²	\$1,303,371
Long Distance Service	1,503,342	131,703 ¹³	1,635,045
Coin Telephone	26,000		26,000
Other Operating	70,868		70,868
Non-Recurring Service	64,880	14,260 ¹⁴	79,140
Less:Uncollectibles	<u>(21,603)</u>	<u>(1,229)¹⁵</u>	<u>(22,832)</u>
Total Operating Revenue	<u>\$2,917,254</u>	<u>\$174,338</u>	<u>\$3,091,592</u>

¹² Section 4.1.

¹³ Sections 4.2.1 and 4.2.3.

¹⁴ Section 4.3.

¹⁵ Section 5.1.

5.0 EXPENSES

As discussed in Section 3.0 of this Order, the Commission has used the Applicant's nine months actuals and three months estimates for the purpose of determining a revenue requirement. The Commission has examined expenses for the 1981 test year and has required the Applicant to provide additional information regarding some items. As a result of this analysis and for the purpose of determining an additional revenue requirement, expenses are found acceptable with the exception of uncollectible revenue and gross receipts taxes.

5.1 Uncollectible Revenue

Section 4.4 of this Order summarizes a number of adjustments to operating revenues. Based on these adjustments, the Commission has increased uncollectible revenue expense by \$1,229 which is approximately seven-tenths of one percent of the total operating revenue adjustments. This is consistent with the Applicant's total uncollectible revenue estimated for the 1981 test year.¹⁶ The adjustment has been included in Table I, Section 4.4.

5.2 Gross Receipts Taxes

The adjustments to revenue, as summarized in Section 4.4 also requires a compensating adjustment to gross receipts taxes. Therefore, the Commission has made an allowance of \$8,717 which is approximately 5 percent of the total revenue adjustments.

¹⁶ Reply to Interrogatory OTSC05JUN81-601.

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4067

6.0 RATE BASE

In Order No. 4017 issued December 17, 1980, the Commission reviewed a number of alternatives for calculating the Applicant's rate base and decided that a net asset rate base would be most appropriate. The Commission has reviewed the alternatives again in the context of the present application and has decided that a net asset rate base is still the most appropriate. However, the Commission notes that the comment which was made in Order No. 4017 is still applicable, "As circumstances change the Commission will review the choice of a rate base in future rate applications to ensure that the most appropriate one is used."

During the financial hearing of July 23, 1981, the Applicant was requested to file a revised calculation of the net asset rate base reflecting nine months actuals and three months estimates. The Commission has accepted this calculation as a more current and accurate calculation of the rate base than the estimate originally provided in Exhibit 3 page 41, Schedule 1. It should also be noted that the Commission has elected to employ a year end rate base rather than an average rate base. In this application the use of a year end rate base will result in a more meaningful comparison of approved rates with the additional revenue requirement as determined by the Commission.

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4067

6.1 Calculation of Rate Base

Table II provides the calculation of the Applicant's net asset rate base for the 1981 test year.

TABLE II

17

Calculation of Net Asset Rate Base

1. Total Telephone Property	\$10,442,612
2. Less: Accumulated Depreciation	<u>2,744,552</u>
3. Net Telephone Property	\$ 7,698,060
4. Materials and Supplies	80,000
5. Working Capital	<u>49,504</u>
6. Sub-total	\$ 7,827,564
7. Less: Deferred Taxes	<u>145,000</u>
8. Total Capital	<u><u>\$ 7,682,564</u></u>

¹⁷ Exhibit 9, Schedule 1.

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4067

6.2 Working Capital

On Order No. 4017 issued December 17, 1980, the Commission observed that,

"The Applicant has calculated the working capital allowance by means of the financial statement method, that is, accounting working capital. The Commission is concerned that this method may not be an accurate estimate of the working capital required by the Applicant."

In the application filed March 10, 1981, the Applicant proposed an amount for working capital calculated by the Modified Federal Power Commission (FPC) method. This is a more detailed method of calculating the investment required to bridge the lapse of time when expenditures are made to provide service and the time collections are received for that service. Working capital of \$49,504 has been calculated by the Applicant using the financial data supplied in response to interrogatory OTSC05JUN81-601.

The method proposed by the Applicant to calculate working capital is probably more accurate than the accounting method for purposes of rate making. Accounting working capital can be manipulated and only reflects working capital at a specific point in time. The modified Federal Power Commission method provides a better indication of the amount of working capital that is actually required by the company and to that extent is more equitable to the Applicant and subscribers alike. Furthermore, working capital of \$49,504 is a relatively small component of the total rate base and therefore does not have as substantial an impact on the total additional revenue requirement than might otherwise be assumed. For these reasons the Commission has elected to employ the working capital as calculated by the Applicant.

7.0 RATE OF RETURN

7.1 Capital Structure

The capital structure weights to be applied to each source of financing are an important element in determining the allowed rate of return. Since it is not possible to determine the structure weights of the capital used exclusively for the telephone operations, the Commission will employ the capital structure weights for Amtelecom consolidated. There are two reasons for this approach, firstly, there is no direct relationship between the source of funds and the application of those funds, and secondly, the capital structure is generally assumed to influence the overall cost of capital.

The Commission has made one adjustment to the Applicant's capital structure as outlined in Section 7.1.1.

7.1.1 Acquisition Adjustment

The acquisition adjustment is equal to the amount which the price of purchased assets exceeds the book value of those assets. On September 2, 1977, the Taylor Telephone Company Limited and the Manitoulin Island Telephone Company Limited were acquired by the Applicant. The purchase price of the two telephone systems was \$143,903 in excess of the book value. Similarly, on May 1, 1979, the Applicant acquired the assets of the Cambray Telephone Company Limited at a price of \$4,420 in excess of their book value. These acquisition adjustments have been identified as goodwill by the Applicant.

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4067

7.1.1 Acquisition Adjustment (Contd...)

Commission Order No. 4017 issued December 17, 1980 excluded the acquisition adjustment from the rate base for the purpose of determining an additional revenue requirement. The acquisition adjustment has also been excluded from the calculation of the Applicant's net asset rate base in section 6.1, page 12 of this Order. However, in reply to interrogatory OTSC18MAR81-506 the Applicant has identified an amount of \$122,709 as the unamortized portion of goodwill in the account titled "Other Assets", on page 14 of Exhibit 2. Although "Other Assets" is not included in the net asset rate base calculation of \$122,709, it does have an impact on the capital structure. Accordingly, this amount is deducted from shareholder equity in order to determine the appropriate capital structure weights for the purpose of determining an additional revenue requirement.

7.1.2 Future Capital Structure

Exhibit 4 dated April 16, 1981, submitted by the Applicant, explained the necessity of the existing capital structure and the anticipated capital structure in the foreseeable future. The Applicant projected that the present percentage of debt to total capital of 83.9% would reduce slightly to 83.4% in 1982 and to 70.7% in 1985. During the financial hearing on July 23, 1981, there were questions raised as to whether the projections were still reasonable in light of changing interest rates. The Applicant agreed to undertake a revised filing of the projected debt to total capital ratio at year end 1982 and year end 1985. The revisions indicated that the Applicant now expects a debt to total capital ratio of 82.4% in 1982 and 76.4% in 1985. The Applicant also projected that this ratio would fall to 71.4% by year end 1986.

7.1.2 Future Capital Structure (Contd...)

The Commission is pleased to see that the Applicant has undertaken projections of capital structure and encourages the Applicant to continue to monitor and project the progress of this critical issue. The current high portion of debt subjects the Applicant to a degree of risk which, in the Commission's opinion, is detrimental to the Applicant and its subscribers alike. However, the Commission notes that the Applicant is projecting a debt component which will continue to decrease in relation to the capital structure. This will result in an improvement of the overall financial position. The Commission will continue to observe the Applicant's progress in this regard.

7.1.3 Capital Structure Weights

Table III calculates the dollar amounts of debt and equity and the capital structure weights allocated to the telephone operations. This is obtained by applying the Amtelecom Incorporated consolidated capital structure weight for each source of funds to the telephone operations rate base. This method ensures that the sum of the sources of financing for the telephone operations equals the measured rate base.

TABLE III

Capital Structure Amtelecom Consolidated and
Amtelecom Unconsolidated (Telephone Operations)
1981 Test Year

	Amtelecom ¹⁸ Consolidated	Capital Structure Weight	Amtelecom Unconsolidated
1. Total Debt	8,100,538	84.8%	\$6,511,196
2. Common Equity	1,457,291	15.2%	1,171,368 ¹⁹
3. Total Capital	9,557,829	100.0%	\$7,682,564

¹⁸ Exhibit 9.

¹⁹ Section 6.1

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4067

7.2 Cost of Debt Capital

In section 7.1.2, the Commission has commented on the consequences of the Applicant's high proportion of debt capital in the total capital structure. Of the total Amtelecom Incorporated consolidated long term debt 91 percent is at a floating rate of interest and therefore the calculation of the cost of debt capital is directly influenced by the prime interest rate assumed. Within the twelve month period that the Commission has chosen to employ as the test year, the prime interest lending rate has increased from 12.25 percent to 22.75 percent at the time of this Order. In section 3.0 of this Order, the Commission noted that in principle the test year concepts permits an Applicant and regulator to focus on a set of financial data for a particular operating period adjusted to annualize known changes which have occurred within the operating period. However, due to the changes in interest rates witnessed during Amtelecom's test year, it is difficult to make an adjustment which will reflect interest rates for the test year while at the same time be reasonable for setting local service rates for future periods. The Applicant proposed a cost of debt capital of 16.8% based on a prime interest rate of 17%. Although this may have been appropriate in March when the application was filed, the Commission cannot accept that a prime rate of 17% is reasonable for attempting to calculate an additional revenue requirement. The Commission has decided to employ the average prime interest rate over the last ten months of the Applicant's test year in order to determine the cost of debt capital. A ten month average will provide a rate which is more reflective of interest rates in recent months and more indicative of the possible level of interest rates over the next twelve months than the 17% proposed by the Applicant. Therefore, the Commission will employ a cost of debt capital of 18.19 percent based on the average of interest rates over the last 10 months of the Applicant's test year.

7.2.1 Long-Term Debt

During the processing of this rate application, the Commission noted that the Applicant's long term debt included an additional \$2,000,000 which was to be issued during the 1981 fiscal year. However, the Commission has not approved an issuance of indebtedness for the Applicant during 1981. At the financial hearing of July 23, 1981, Mr. Barnard, witness for the Applicant admitted that it was the Company's original intention to have \$2,000,000 in short term debt converted to long term debt by August 31, 1981. The difference in interest rates between short term debt and long term debt prompted the Applicant to revise their plan and Mr. Barnard indicated that he did not expect that the debt would be converted by the fiscal year end. Since the short term debt is at an interest rate equal to the prime interest rate and the long term debt would have been at a rate $1\frac{1}{2}$ percentage points above the prime interest rate, not converting the debt will result in a cost of debt lower than if the debt had been converted. Therefore, the Commission has made this necessary adjustment in order to determine the cost of debt.

7.3 Cost of Equity

The Commission is of the view that a range of return on equity of 14 to 16 percent is reasonable and therefore has accepted the Applicant's proposed cost of equity of 15 percent for the purpose of determining a revenue requirement.

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4067

7.4 Allowed Range of Return on Total Capital

The allowed rate of return for revenue requirement purposes is set equal to the Applicant's telephone operations overall cost of capital. This is determined using the Applicant's capital structure weights as at August 31, 1981, the embedded cost of debt and the allowed range of return on equity.

In Table IV, the calculation of the overall cost of capital is presented. The revenue requirement is based on an allowed rate of return range from 17.56 to 17.86 percent for this application, with the midpoint of 17.71 percent employed for the purpose of calculating the Applicant's revenue requirement.

TABLE IV

Calculation of the Overall Cost of Capital
1981 Test Year

	Capital Structure Weights ²⁰	Cost Rate	Weighted Cost
1. Total Debt	84.8%	18.19% ²¹	15.43%
2. Common Equity	<u>15.2%</u>	<u>14-16</u> ²²	<u>2.13-2.43</u>
3. Total	<u>100.0%</u>		<u>17.56-17.86%</u>

²⁰ Section 7.1.3

²¹ Section 7.2

²² Section 7.3

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4067

8.0 REVENUE REQUIREMENT

The revenue requirement for the purpose of this application is based on a 1981 test year ending August 31, 1981. The subject of test year and the Commission's findings with respect to this matter are presented in section 3.0 of this Order.

Table V presents the Applicant's 1981 income statement, the Commission's adjustments and the revised income statement.

Table VI is the Commission's calculation of the Applicant's additional revenue requirement.

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4067

TABLE V

1981 Test Year
Income Statement

	<u>Reply to Interrogatory OTSC05JUN81-601</u>	<u>Commission Adjustments</u>	<u>Revised Income Statement</u>
1. Local Service	\$1,273,767	29,604 ²³	\$1,303,371
2. Long Distance Service	1,503,342	131,703 ²³	1,635,045
3. Miscellaneous Service	<u>140,145</u>	13,031 ²³	<u>153,176</u>
4. TOTAL OPERATING REVENUES	<u>\$2,917,254</u>		<u>\$3,091,592</u>
5. Depreciation	\$ 484,624		\$ 484,624
6. Maintenance	465,258		465,258
7. Traffic	73,926		73,926
8. General Office	570,617		570,617
9. Other	<u>150,753</u>	8,717 ²⁴	<u>159,470</u>
10. TOTAL OPERATING EXPENSES	<u>\$1,745,178</u>		<u>\$1,753,895</u>
11. NET OPERATING REVENUES	\$1,172,076		\$1,337,697
12. Income Taxes	<u>14,411</u>	82,811	<u>97,222</u>
13. TOTAL INCOME	\$1,157,665		\$1,240,475
14. Interest Charges	<u>1,143,254</u>		<u>1,143,254</u>
15. NET INCOME	<u>\$ 14,411</u>		<u>\$ 97,221</u>
16. Rate of Return on Common Equity	1.2%		8.3%
17. Rate of Return on Total Capital	15.1%		16.1%
18. Common Equity	\$1,171,368 ²⁵		\$1,171,368
19. Total Capital	7,682,564 ²⁵		7,682,564

²³ Section 4.4

²⁴ Section 5.2

²⁵ Section 7.1.3

TABLE VI

Additional Revenue Requirement

1.	Rate Base	\$7,682,564 ²⁶
2.	Allowed Rate of Return	<u>17.71²⁷</u>
3.	Total Income Required before Interest Charges (Line 1 x Line 2)	\$1,360,582
4.	Total Income Before Interest Charges	<u>1,240,475²⁸</u>
5.	Additional Revenue Requirement before Taxes (Line 3 - Line 4)	120,107
6.	Allowance for Additional Income Taxes	<u>120,107</u>
7.	Total Additional Revenue Requirement	<u><u>\$ 240,214</u></u>

²⁶ Section 6.1

²⁷ Section 7.4

²⁸ Section 8.0, Table V, line 13.

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4067

8.0 REVENUE REQUIREMENT (Contd...)

Based on the findings as discussed in this Order and based on the calculation of the additional revenue requirement in Table VI, the Commission concludes that, based on a 1981 test year, the Applicant has an additional revenue requirement of \$240,214.

In section 2.0 of this Order, it was noted that the Applicant had applied for an additional \$176,088 in annual revenues, derived from an interim increase of \$103,632 and a final increase of \$72,456. Order No. 4054 issued April 29, 1981 approved interim increases in local rates and non-recurring service charges which will generate additional annual revenues of approximately \$90,864.

In section 1.0 of this Order, the Commission approved the final rate structure as proposed by the Applicant. It is estimated that the revised rate structure will generate additional annual revenues of \$85,224 out of the \$240,214 additional revenue requirement as calculated in Table VI above. The Commission notes that even with this rate increase there will still be a shortfall in revenues of approximately \$154,990.

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4067

9.0 QUALITY OF SERVICE

The Commission is pleased to note that there were substantially fewer submissions made in response to this general rate application than have been received in the past. This is one indication to the Commission that more subscribers are satisfied with the quality of service provided by the Applicant. However, the hearings held in Lion's Head on June 16, 1981, Cambray on June 24, 1981 and in Toronto on July 23, 1981 indicated to the Commission that there were still some subscriber concerns which need to be addressed by the Applicant.

9.1 Field Hearing in Lion's Head

The comments and criticisms received from the subscribers of the Dyer's Bay, Lion's Head, Stokes Bay and Tobermory exchanges clearly indicated a desire for extended area service (EAS) between the four exchanges. The lack of extended area service results in very high monthly telephone bills for some customers. Mr. Barnard, witness for the Applicant, responded to the concerns by stating, in part,

...it is desirable that EAS exists in this area, but our problem is again just one of dollars and cents, and if we lose the total revenue that we are now generating...then it just further increases our losses, and financially we are in the position where we just can't absorb those losses unless we get some revenues to offset them. ²⁹

The Commission recognizes that there are substantial costs associated with providing EAS between exchanges. However, in light of the number of complaints during the hearing, the Applicant's recognition of the need for EAS and the additional revenue to be earned by the Applicant as a result of the rate increases and the toll revenue supplement, the Commission expects the Applicant to review the feasibility of providing extended area service between the Dyer's Bay, Lion's Head, Stokes Bay and Tobermory exchanges.

²⁹ Transcript of the proceedings of a public meeting held at the Arena, Lion's Head, Ontario on Tuesday, June 16, 1981, p.73.

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4067

9.1 Field Hearing in Lion's Head (Contd...)

As a result of the public meeting in Lion's Head on June 16, 1981 and after reviewing the written submissions from subscribers in the Tobermory and Lion's Head territories, the Commission is pleased to note the reduction in the number of complaints regarding the quality of service in general. This is mainly due to the Applicant's construction program in the serving territory and the Commission hopes to see a continuing improvement in the quality of service, and will be monitoring Amtelecom to ensure such improvements are taking place.

9.2 Field Hearing in Cambray

Many of the oral submissions made at the public meeting on June 24, 1981 in Cambray were in regard to the limited extended area service (EAS). Although the Cambray exchange has EAS with the Oakwood exchange, the community of interest for many of the Cambray residents is Lindsay. As a result many subscribers incur high monthly toll bills for their required calling to Lindsay. During the hearing in Cambray however Mr. Barnard provided the following explanation and commitment to the subscribers:

...we did state quite some time ago and in letters that we have written to you people that we are prepared to provide Extended Area Service with Lindsay, but that cannot be provided before May of 1983, simply because it requires the cooperations of our company with Bell Canada; and Bell Canada will not be making any additions or changes to their toll facilities in Lindsay, until May of 1983 and at that time they are prepared to interconnect with us for EAS, so it is our plan.³⁰

³⁰ Transcript of the field hearing at the Cambray Community Centre, Cambray, Ontario on Wednesday, June 24, 1981, p.55.

9.2 Field Hearing in Cambray (Contd...)

The Commission has taken special note of this commitment and the date by which EAS will be provided.

During the field hearing in Cambray, the Commission also heard from a number of individuals representing, Taravista Estates which is provided telephone service by the Applicant. Mr. Barber and Mrs. Vogan of Taravista Estates also participated in the financial hearing held in Toronto on July 23, 1981.

Residents of the Taravista Estates were particularly concerned with the lack of EAS and the exclusion of Taravista as a locality rate area. These two concerns were recurring from Amtelecom's last rate application of October 1979 and the previous Cambray field hearing held September 25, 1980. At that time, the Applicant had proposed to designate Taravista Estates as a locality rate area and proposed rates which would have been lower than rates in other areas of the Cambray exchange. During the hearing held in regard to this Application, the question of a locality rate area was raised by the Taravista subscribers. The Commission has heard the subscribers' presentation but has not been convinced that there is any new evidence to vary its decision made in Order No. 4017 issued December 17, 1980. In that Order, the Commission found that one flat rate for each grade of service offered throughout the Cambray exchange was most appropriate. The rationale for denying base rate area rates for the Town of Cambray and locality rate area rates for Taravista Estates is repeated below:

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4067

9.2 Field Hearing in Cambray (Contd...)

The central office which serves the exchange is not located in the Town of Cambray but in the physical centre of the exchange, an area which is sparsely populated. Therefore, there is little, if any, economic justification for offering the subscribers in the Town of Cambray a telephone rate which is lower than that offered to their neighbours in the rural area. Furthermore, the exchange is relatively small both in terms of the territory served and the number of subscribers served. The same reasoning applies with respect to the Applicant's proposal to establish Taravista Estates as a locality rate area³¹ (emphasis added)

10.0 COMMENT

In section 8.0 of this Order, the Commission calculated an additional revenue requirement of \$240,214. The revised rate structure approved in this Order will not generate the additional revenues required. However, the Commission is aware that a decision is pending from the Canadian Radio-television and Telecommunications Commission regarding a proposed increase in toll rates. Should these rates be approved in part or in full, the Applicant may realize substantially more revenues in the 1982 fiscal year than had been forecast.

³¹ Order No. 4017 issued December 17, 1980, p.31.

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4067

10.0 COMMENT (Contd...)

The Applicant has also reached an agreement with Bell Canada which will provide the Applicant with revenues over and above that which would normally have been retained. The Commission understands that this supplement is to be renegotiated or recalculated annually. The Commission is pleased that this initiative has been successful and recognizes the benefit which may accrue to Amtelecom Incorporated and its subscribers in 1982 and in the future. Although it is expected that the supplement will aid the Applicant and will strengthen the financial position, the Commission has not had an opportunity to analyze or assess the impact of the agreement but hopes that it will be significant in addressing the shortfall identified in this Order.

The Commission has some concern over the methods employed by the Applicant to project for the 1981 test year. There is concern particularly with the 1981 estimated revenues. The 1981 test year was forecasted in Exhibit 2 of the application with 5 month actuals and 7 month estimates. However, when 9 month actuals became available and submitted in reply to interrogatory OTSC05JUN81-601, toll service revenues were re-estimated from \$1,476,000 to \$1,503,342. When this issue was pursued during the financial hearing of July 23, 1981, Mr. Berko, witness for the Applicant, admitted that toll revenue was not forecasted using the number of messages but by observing increases in toll revenue over a three or four month period. It is the Commission's opinion that this type of forecasting results in unreliable estimates and errors, as observed in the Applicant's 1981 toll revenue estimates. Since the financial data used in the 1981 test year were based on 9 month actuals and only 3 month estimates, the Commission feels reasonably confident employing 1981 as the test year. However, had the Commission been required to rely on estimates covering a 5 month period or more in the test year, the Commission would

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4067

10.0 COMMENT (Contd...)

have undoubtedly re-evaluated the appropriateness of such a test year. It is the Commission's hope that the Applicant will seriously review its forecasting techniques and revise them where appropriate for any future rate application.

Finally, the Commission wishes to comment on the Applicant's sincere attempt to keep rates in its serving territory to an acceptable and comparable level. Although certain financial pressures, particularly interest charges provide an incentive for larger rate increases the Applicant appears to be making a conscientious effort to keep rates at a level comparable to rates in other areas of the Province while at the same time providing a grade of service acceptable to the subscribers.

11.0 RATES

11.1 Basic Monthly Exchange Rates

A. Aylmer, Port Burwell, Straffordville.

	MONTHLY BUSINESS	RATE RESIDENCE
Individual Line	16.25	7.80
Two-party Line	13.80	6.10
PBX Trunk Line	25.75	-

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4067

11.1 Basic Monthly Exchange Rates (Contd...)

B. Dyer's Bay, Lion's Head, Stokes Bay, Tobermory.

	MONTHLY BUSINESS	RATE RESIDENCE
Individual Line	15.10	7.20
Two-party Line	12.05	6.20
Four-party Line	-	8.80
Multi-party Line	8.50	5.50
PBX Trunk Line	23.00	-

Where individual and two-party line service is provided outside a Base Rate Area, Locality Rate Area or a Flat Rate Zone extra exchange mileage will apply.

11.2 Flat Rates

A. Cambray

	MONTHLY BUSINESS	RATE RESIDENCE
Individual Line	21.50	13.20
Two-party Line	18.25	11.20
Four-party Line	-	8.95
Multi-party Line	8.00	5.50

The above rates are applicable throughout the Cambray exchange.

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4067

11.2 Flat Rates (Contd...)

B. Dyer's Bay, Lion's Head, Stokes Bay, Tobermory.

	MONTHLY BUSINESS	RATE RESIDENCE
Individual Line	22.25	13.35
Four-party Line	-	8.80
PBX Trunk Line	32.00	-

The above rates are applicable in rural areas where service has been upgraded to individual and four-party service.

C. Aylmer, Port Burwell, Straffordville.

	ZONE 1	ZONE 2	ZONE 3
BUSINESS MONTHLY RATE:			
Individual Line	25.35	26.00	26.60
Two-party Line	21.50	22.10	22.60
PBX Trunk Line	38.10	39.00	39.80
RESIDENCE MONTHLY RATE:			
Individual Line	14.45	14.90	15.30
Two-party Line	10.85	11.20	11.70

The above rates are applicable in rural areas where service has been upgraded to individual and two-party service.

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4067

11.3 Locality Rate Area

A. Bayham, Eden, Orwell.

	MONTHLY BUSINESS	RATE RESIDENCE
Individual Line	22.55	11.80
Two-party Line	19.20	8.85
PBX Trunk Line	36.00	-

B. Lyons, Mount Salem, New Sarum, Port Bruce.

	MONTHLY BUSINESS	RATE RESIDENCE
Individual Line	23.10	12.40
Two-party Line	19.60	9.40
PBX Trunk Line	36.80	-

C. Springfield, Vienna.

	MONTHLY BUSINESS	RATE RESIDENCE
Individual Line	22.20	11.35
Two-party Line	18.90	8.55
PBX Trunk Line	35.80	-

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4067

11.4 Extension Telephones

A. Aylmer, Port Burwell, Straffordville.

MONTHLY RATE

Business	2.25
Residence	1.50

B. Cambray

MONTHLY RATE

Business	1.95
Residence	1.60

C. Dyer's Bay, Lion's Head, Stokes Bay, Tobermory.

MONTHLY RATE

Business	2.95
Residence	1.50

No increases in extension telephone rates have been approved in this Order.



ONTARIO TELEPHONE SERVICE COMMISSION

ORDER NO. 4074

Friday, the 9th day of October, A.D. 1981.

B E F O R E

W. Bielski, Q.C.	)	IN THE MATTER of sections 6(1),
Chairman,	)	10, 12, and 105 of The Telephone
	)	Act (R.S.O. 1980, c.496),
F. Wall,)	
Vice-Chairman,	)	and
)	
E. A. Frith,	)	IN THE MATTER of a rehearing
Member, and	)	of an application by the
	)	Roxborough Telephone Company
M. E. Parry,	)	Limited for approval of a
Member.	)	change in rates for local
	)	telephone service.

HEARD AT:

TORONTO, SEPTEMBER 16, 1981.

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4074

1.0 ORDER

1.1

UPON THE APPLICATION of the Roxborough Telephone Company Limited, hereinafter referred to as the Applicant, upon rehearing the application and new evidence filed, under and in pursuance of sections 10 and 105 of The Telephone Act (R.S.O. 1980, c.496) for approval of a change in rates for local telephone service,

1.2

THE COMMISSION HEREBY revokes under and in pursuance of section 10 of The Telephone Act (R.S.O. 1980, c.496) Order No. 4021 dated December 11, 1980,

1.3

THE COMMISSION HEREBY AUTHORIZES under and in pursuance of sections 6(1), 12, and 105 of The Telephone Act (R.S.O. 1980, c.496) the Applicant to increase local telephone service rates to generate additional annual revenues of \$4,741. as calculated in section 5.2, Table IV of this Order.

1.4

THE COMMISSION ORDERS that the Applicant prepare and submit to the Commission, for approval, a revised rate structure which will generate total additional local service revenues of \$4,741. annually, and the rates shall become effective on or after November 1, 1981. The calculation of the revised rates shall be based on the estimated average revenue producing units in service at the 1980 year end. The rates to be used for four-party service will remain the same as approved by Order No. 4021, namely:

Four-party Residence.....\$ 5.25

Four-party Business.....\$ 8.00

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4074

2.0 BACKGROUND

The Applicant filed an application for approval of changes in local telephone service rates and non-recurring service charges on May 27, 1980. The application, as filed, requested an additional \$6,716. in annual revenues, which equated to an 18.6% increase in local telephone service rates.

The Applicant mailed a "Notice of Application for Increased Telephone Rates" on July 10, 1980, to each of its customers which set out the present and proposed rates. Written interventions were to be filed with the Commission on or before August 11, 1980, and no submissions were received.

Notice of a public hearing as to the application to be held in Toronto on December 9, 1980, was placed in the newspapers having general circulation in the Applicant's serving territory and no written or oral interventions were made by customers during the actual hearing. Neither the Applicant nor its representative appeared before the Commission on the date of the hearing.

The Commission, based on the evidence so filed by the Applicant on the date of the application, and the related responses obtained through interrogatories, issued Order No. 4021 on December 11, 1980. The Commission denied the application for the approval of a change in rates for local telephone service except for the rates for four-party service.

The Applicant, on March 5, 1981, filed an application requesting a rehearing of the May 27, 1980 application under section 10 of The Telephone Act, indicating that new evidence was available.

The Commission, on April 23, 1981, decided to rehear the rate application of May 27, 1980, based on the new evidence so filed.

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4074

2.0 BACKGROUND (Cont'd)

Notice of a public rehearing of the application to be held in Toronto on September 16, 1981, was placed in newspapers having general circulation in the Applicant's serving territory, and no written or oral interventions were made by customers during the hearing.

The Commission reheard the application on September 16, 1981.

3.0 REASONS

With regard to the application as filed initially, the Commission in utilizing an invested capital rate base in its calculation of revenue requirement requested information on indicated bank loans through interrogatories OTSC04JUL80-201 and OTSC17OCT80-201A.

The Commission also enquired as to a loan made in 1978 by the Applicant to a shareholder in the amount of \$68,000. and was provided with details regarding the loan in response to interrogatories OTSC04JUL80-801 and OTSC17OCT80-801A. These details indicated that the Applicant had incurred bank indebtedness in the amount of \$68,000. which it, in turn, loaned to the shareholder. The Commission determined, as a result of the evidence so filed:

"...that it is inappropriate to allow the Applicant to recover from its customers the costs associated with repayment of such a loan, or to allow the Applicant to earn a rate of return on capital which is not invested to provide telephone service to the customers of the system."

3.0 REASONS (Cont'd)

For this reason, the average portion of the shareholder loan outstanding in 1980 was excluded from the average invested capital rate base and the following preliminary calculation made of the Applicant's revenue requirement indicated that the Applicant's estimated income for 1980 was in excess of the revenue requirement. The Commission did not need to proceed further.

Therefore, the application of May 27, 1980 for increased revenue requirement was denied, but the rates for four-party service were approved as per Order No. 4021 dated December 11, 1980.

The Commission obtained new evidence as follows:

- (a) Thirty percent of the residence is being used by the company for the administration and business office and workshop. The loan made to the shareholder was for the purpose of purchasing the principal residence.
- (b) The salary of the President, a key employee performing in various capacities, and a major shareholder of the company, had been maintained at an average of \$11,000 per annum. The estimated salary of someone else performing the same functions would be \$30,000 per annum.
- (c) Part of the residence was used also as a storage area for repair materials and supplies.

Based on this new evidence, the Commission calculated on an adjusted 1980 actual test year a revenue requirement of \$4,741., or as a percentage, a 12.2% increase. In its application as filed initially, the Applicant employed an estimated 1980 test year and requested an increase of 18.6% without adjustments. The net estimated income was understated by 26% in comparison to the 1980 actual reported results. This coupled with the adjustments due to the

ONTARIO TELEPHONE SERVICE COMMISSION

Order No. 4074

3.0 REASONS (Cont'd)

required subsequent filing in response to interrogatories resulted in the reduction of revenue requirement.

4.0 RATE BASE

The Commission utilized an invested capital rate base in its calculation of revenue requirement. This invested capital rate base is taken from the figures provided in the 1980 Audited Financial Statements. Excluded from the invested capital rate base was 70% of the total average of the shareholders' loan receivable. In 1979, from Exhibit 2 page 6 of the application, this receivable was \$63,119. In 1980, from Audited Financial Statements, this amount was \$49,285. After recognizing from the new evidence submitted that the personal residence for which the loan was used, 30% is business occupancy, and 70% personal occupancy. Seventy percent of the average of the 1979 and 1980 amounts for shareholders loan is \$39,341. This amount was removed from the debt component of the rate base. The result of this adjustment is presented in Table I.

Table I

ROXBOROUGH TELEPHONE COMPANY LIMITED
ADJUSTED INVESTED CAPITAL RATE BASE

<u>INVESTED CAPITAL</u> <u>ACTUAL AUDITED 1980</u>		<u>COMMISSION</u> <u>ADJUSTMENT</u>	<u>REVISED</u> <u>TOTAL</u>
Total debt	\$ 85,771	(\$39,341)	\$ 46,430
Preferred	47,330		47,330
Common Equity	26,921		26,921
	<u>\$160,022</u>	<u>(\$39,341)</u>	<u>\$120,681</u>

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4074

5.0 RATE OF RETURN

The Applicant proposed the use of 20.0% for the cost of equity for purposes of the application. It is felt that the 20.0% is high in light of the cost factors previously granted by the Commission in other applications, normally in the range of 14.0% - 16.0%.

Taking into account the size of the operation, the 1980 interest levels, a cost of equity of 16.0% was utilized. The resulting capital structure and costs are presented in Table II.

TABLE II

ROXBOROUGH TELEPHONE COMPANY LIMITED
CALCULATION OF COST OF CAPITAL

	<u>CAPITAL</u>	<u>STRUCTURE</u>	<u>COST</u>	<u>WEIGHTED</u>
	<u>\$</u>	<u>%</u>	<u>RATE</u>	<u>COST</u>
Debt	46,430	38.5	17	6.55
Preferred Equity	47,330	39.2	10	3.92
Common Equity	26,921	22.3	16	3.57
	<u>\$120,681</u>	<u>100.0%</u>		<u>14.04%</u>

6.0 REVENUE REQUIREMENT

6.1 CALCULATION OF TOTAL INCOME WITHOUT RELIEF

Based on the new evidence filed and detailed in Table III, the Commission adjusted the total income without relief figure.

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4074

TABLE III

ROXBOROUGH TELEPHONE COMPANY LIMITED
CALCULATION OF TOTAL INCOME WITHOUT RELIEF

1.	Actual 1980 net income.....	\$ 9,280
2.	Actual 1980 interest charges.....	13,571
3.	Total income before interest.....	\$ 22,851
4.	Additional rental cost that would be incurred if it were required to rent space elsewhere.....	\$(5,700)
5.	Salary differential of Mr. Beach doing major work himself rather than hiring additional individual.....	\$(19,000)
6.	Dividends paid out. This factor is added reflecting decision to take dividends in lieu of salary.....	\$ 15,000
7.	Adjusted total income without relief..	\$ 13,151

6.2 REVENUE REQUIREMENT

The additional revenue requirement is calculated as shown in Table IV.

TABLE IV

ROXBOROUGH TELEPHONE COMPANY LIMITED
CALCULATION OF REVENUE REQUIREMENT

1.	Total Capital.....	\$120,681
2.	Rate of Return.....	14.04%
3.	Total Income.....	\$ 16,944
4.	Total Income Without Relief.....	\$ 13,151
5.	Additional Revenue Requirement.....	\$ 3,793
6.	Additional Taxes.....	\$ 948
7.	Total Additional Revenue Requirement..	\$ 4,741
8.	Average Rate Increase.....	12.2%

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4074

7.0 GENERAL COMMENT

The Commission, when deliberating on an application for a rate increase, comes to a decision only after a conscientious and diligent review of such evidence as originally supplied by the Applicant or in response to subsequent interrogatories. This evidence, or lack thereof, forms a very important and critical part of the hearing process. In the decision process, it is Commission policy to weigh carefully the facts as presented, and not to be influenced by any extraneous intercession.

With respect to this particular application, the Commission had no alternative but to deny the Roxborough Telephone Company Limited their request for approval for a change in rates for local telephone service, in the initial instance, as a result of the evidence filed.

Based upon the request of the Applicant for a rehearing and further, through the arduous efforts of the Commission by means of additional interrogatories, prolonged by the apparent lack of understanding on the part of the Applicant of the requirements of the Commission to make a determination, did the Commission grant a rehearing.

After a careful review of the new evidence, adjustments were made and an increase in rates granted.


Chairman.



ONTARIO TELEPHONE SERVICE COMMISSION

Order No.4077
Thursday, the 29th day of October, A.D. 1981

B E F O R E

W. Bielski, Q.C.	)	IN THE MATTER of sections 6(1),
Chairman,	)	12 and 105 of The Telephone
	)	Act (R.S.O. 1980, c.496)
F. Wall,)	
Vice Chairman, and)		and
)	
M. E. Parry,	)	IN THE MATTER of an application
Member.	)	by the North Renfrew Telephone
	)	Company Limited for a change in
	)	the rates for local telephone
	)	service

HEARD AT:

Beachburg, September 10, 1981

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4077

For the Applicant:

NORTH RENFREW TELEPHONE COMPANY LIMITED

Mr. W. Vandekemp	Manager, Secretary-Treasurer
Mr. B. Thompson	Accountant
Mr. B. Stephen	Chairman of the Board of Directors
Mr. A. Gervais	Director

FOR THEMSELVES

Mr. W. Pinkerton
Mr. J. Kanaar
Mr. J. Beaudoin
Mrs. J. Beaudoin
Mrs. R. Pappin

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4077

1.0 ORDER

1.1

UPON THE APPLICATION of the North Renfrew Telephone Company Limited, hereinafter referred to as the Applicant, upon reading the said application, other material filed and evidence presented at the hearing, under and in pursuance of section 105 of The Telephone Act (R.S.O. 1980, c.496) for approval of a change in rates for local telephone service.

1.2

THE COMMISSION HEREBY AUTHORIZES, under and in pursuance of sections 6(1), 12 and 105 of The Telephone Act (R.S.O. 1980, c.496), the Applicant to increase local service rates to generate additional annual revenue of \$23,564 as calculated in section 8.0, Table VI of this Order.

1.3

THE COMMISSION ORDERS that the Applicant file for approval, a revised rate structure which will generate total additional local service revenues of \$23,564 annually, and to become effective on or after December 1, 1981. The calculation of the revised rates shall be based on the estimated average revenue producing units in service at the 1980 year end.

2.0 BACKGROUND

The Applicant filed an application for approval of changes in local telephone rates and non-recurring service charges on April 7, 1981, requesting additional local service revenues of \$24,522 based upon a 1980 test year.

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4077

2.0 (Contd...)

The Applicant mailed a Notice of Application for Increased Telephone Rates on June 6, 1981 to each of its customers which set out the present and proposed rates. Written interventions were to be filed with the Commission on or before July 6, 1981 and no submissions were received.

Notice of a public hearing regarding the application was placed in the Cobden Sun and The Pembroke Observer, newspapers having general circulation in the Applicant's serving territory, on August 26, 1981 and September 2, 1981 and the hearing was subsequently held in the Lion's Community Hall, Beachburg, Ontario on September 10, 1981 at 7:30 p.m.

3.0 TEST YEAR

The use of a test year for a revenue requirement calculation permits the Applicant and the Commission to focus on a set of financial data for a particular operating period adjusted for known changes.

The Applicant, in its application, utilized an historic test year, 1980. The Commission, because the 1980 financial statements would reflect more accurately the financial requirements of the Applicant, has accepted the historic year, 1980, as the test year.

4.0 REVENUES

4.1 Local Service Revenues

The Applicant's 1980 financial statements shows local service revenues of \$100,725 which the Commission considers acceptable for use in this application.

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4077

4.2 Toll Service Revenues

The 1980 financial statements indicated toll service revenues of \$99,282. The Applicant in its response to Commission interrogatory OTSC13MAY81-101 identifies an amount of \$7,483 as relating to the 1979 fiscal year. This amount is excluded from the calculation of operating revenues for 1980 and results in 1980 toll revenues of \$91,799, which the Commission has utilized for this application and is reflected in Table I.

4.3 Miscellaneous Revenues

The Applicant's 1980 financial statements show miscellaneous revenues of \$7,753 which the Commission considers acceptable for use in this application.

TABLE I

North Renfrew Telephone Company Limited
1980 Operating Revenues

	<u>Exhibit No.</u> <u>3</u>	<u>Adjustment</u>	<u>Revised</u> <u>Total</u>
Local Service Revenues	\$100,725		\$100,725
Toll Service Revenues	99,282	(\$7,483)	91,799
Miscellaneous Revenues	<u>7,753</u>	<u> </u>	<u>7,753</u>
	<u>\$207,760</u>	<u>(\$7,483)</u>	<u>\$200,277</u>

The resultant change in revenues will have a corresponding affect on income tax expense and other taxes and these adjustments are shown in Table II.

5.0 EXPENSES

5.1 Operating Expense

The Commission has examined the operating expenses for the 1980 test year and has required the Applicant to provide additional information regarding some items. As a result of this analysis and for the purpose of determining an additional revenue requirement, operating expenses are found acceptable.

5.2 Depreciation Expense

The Applicant, in accordance with Order No. 4013, calculated on the straight line basis and at a five percent (5%) composite rate its depreciation for 1980 (Exhibit 3 of the Application). This amounted by its calculation to an adjustment to the financial statements of approximately \$2,100.

The Commission, however, utilizing the schedules of asset additions and disposals since 1957, provided for in the last application, recalculated on the straight line basis the depreciation expense for 1980. The revised depreciation expense for 1980 so arrived at was \$34,189, an adjustment of \$2,903 to the 1980 financial statements. The increase of \$803 to the Applicant's adjustment of \$2,100 to depreciation expense is the result of maintaining continuity with respect to depreciation calculations made at the time of the last application. This adjustment of \$2,903 is shown in Table II, together with the resulting adjustments to taxes.

5.3 Interest Expense

The Commission noted in its Order No. 4013 a number of promissory notes of the Applicant with low interest rates coming due in the period between 1981-1983. The Commission also expressed its concern over the Applicant's construction

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4077

5.3 (Contd...)

program and its ability to obtain the capital and repay the long-term indebtedness. The Commission suggested that the Applicant review its construction and financing programs to ensure that sufficient revenues will be generated to cover costs.

The interest rate paid on bank loans is one and three quarters (1.75) percent over bank prime and amounted to \$31,899 in 1980 and the total interest charges for the test year amounted to \$42,535, an increase of \$11,769 over 1979.

As recommended by Order No. 4013, the Applicant has reviewed and revised its construction program. This is indicated in Exhibit 2, page 9, line 1 and by response to interrogatories OTSC13MAY81-302 and 303.

The Applicant submitted during the hearing that it is also cognizant of its need to refinance and that it is presently undertaking the necessary action.

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4077

TABLE II

North Renfrew Telephone Company Limited

	<u>Income Statement</u>		
	<u>December 31, 1980</u>		
	<u>\$ (000)</u>		
	<u>Exhibit</u>	<u>Adjustment</u>	<u>Revised</u>
	<u>No.3</u>		<u>Income</u>
			<u>Statement</u>
1. Local Service Revenues	100,725		100,725
2. Toll Service Revenues	99,282	(7,483) ¹	91,799
3. Miscellaneous Revenues	<u>7,753</u>	<u> </u>	<u>7,753</u>
4. TOTAL OPERATING REVENUES	<u>207,760</u>	<u>(7,483)</u>	<u>200,277</u>
5. Operating Expenses	112,687		112,687
6. Depreciation Expense	37,092	(2,903) ²	34,189
7. Other Taxes	<u>8,837</u>	<u>(374)</u> ³	<u>8,463</u>
8. TOTAL OPERATING EXPENSES	<u>158,616</u>	<u>(3,277)</u>	<u>155,339</u>
9. Net Operating Income	49,144	(4,206)	44,938
10. Income Taxes	1,367	(1,052) ³	315
11. Operating Income	47,777	(3,154)	44,623
12. Other Income	257		257
13. TOTAL INCOME	48,034	(3,154)	44,880
14. Interest Charges	<u>42,535</u>	<u> </u>	<u>42,535</u>
15. NET INCOME	<u>5,499</u>	<u>(3,154)</u>	<u>2,345</u>

¹ Table I, section 4.3

² Section 5.2

³ Section 4.3

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4077

6.0 RATE BASE

The Commission, utilizing an invested capital Rate Base is determining the revenue requirement, and maintaining the continuity established by the previous order in re-calculating the retained earnings due to the Applicant's use of the declining balance method of depreciation rather than straight line, recalculated the retained earnings component of invested capital as of December 31, 1980. This calculation is shown in Table III.

TABLE III

North Renfrew Telephone Company Limited
Adjusted Retained Earnings as at
December 3, 1980

1. Adjusted Retained Earnings as at January 1, 1980	\$67,892
2. Net Income for the period ⁴	2,345
3. Dividends paid	<u>(1,524)</u>
4. Adjusted Retained Earnings as at December 3, 1980 (1+2+3)	<u>\$68,713</u>
5. 1980 Retained Earnings per Financial Statement	<u>\$78,384</u>
6. Retained Earnings Adjustment (Line 5-4)	(\$9,671)

⁴ Table II

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4077

Table IV indicates the composition of the invested capital rate base following the adjustments to shareholder's equity detailed below.

TABLE IV

North Renfrew Telephone Company Limited
Components of Invested Capital Rate Base
December 31, 1980

	<u>Exhibit No.3</u>	<u>Adjustment</u>	<u>Revised Total</u>
Debt	\$340,128		\$340,128
Common Equity	<u>100,164</u>	<u>(9,671)</u> ⁵	<u>90,493</u>
	<u>\$440,292</u>	<u>(9,671)</u>	<u>\$430,621</u>

⁵ Table III

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4077

7.0 RATE OF RETURN

The Commission accepts the Applicant's proposed 13.0 percent for the rate of return on equity for purposes of this application. The Commission again suggests that the Applicant review its capital structure and requirements in light of the current interest levels and competition for investor funds. The resulting capital structure and costs are presented in Table V.

TABLE V

North Renfrew Telephone Company Limited

Calculations of Cost of Capital as at
December 31, 1980

	Capital \$	Structure %	Rate %	Weighted Cost %
Debt	\$340,128	79.0	15.249	12.1
Common Equity	<u>90,493</u>	<u>21.0</u>	<u>13.0</u>	<u>2.7</u>
	<u>\$430,621</u>	<u>100.0</u>		<u>14.8</u>

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4077

8.0 REVENUE REQUIREMENT

The additional revenue requirement is calculated as shown in Table VI.

TABLE VI

North Renfrew Telephone Company Limited

Calculation of Revenue Requirement

1. Total Capital	\$430,621
2. Rate of Return	14.8%
3. Income Requirement Before Interest	63,731
4. Total Income Before Interest	44,880
5. Additional Revenue Requirement Before Income Taxes	18,851
6. Allowance for Income Taxes	4,713
7. Total Additional Revenue Requirement	\$23,564

9.0 QUALITY OF SERVICE

The Commission has not received any service complaints from customers of the Applicant, nor were any written submissions received against the proposed rate increase as outlined in the application.

The Applicant on the suggestion of the Commission, through its Order No. 4013 of November 28, 1980, reviewed its construction program and revised its expenditures for construction, basically in light of the higher interest rates and related debt. The Applicant, however, is presently proceeding more cautiously on its construction program in order to both maintain its financial viability and retain the necessary quality of service.

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4077

9.0 (Contd...)

The hearing in Beachburg on September 10, 1981, indicated the concerns of some of the subscribers of the system.

The comments and criticisms received from the subscribers of North Renfrew Telephone Company Limited clearly indicated a desire for the upgrade of telephone service from multi-party, particularly for those subscribers that operate a business. Mr. Vandekemp, witness for the Applicant, responded to this concern by stating in part,

.....we have been doing quite a few areas, everything below Beachburg is either one, two, or four and we are going out that way now. Yesterday we completed one line just outside of Beachburg, so everything on that side of Beachburg will be up to four party. In future years,...right up to 1990 everybody would be one, two, or four and ⁶ that would pretty well rebuild all sideroads.

The criticisms raised by the subscribers at the hearing were with respect to continued use of older, open lines which caused static problems. It was indicated by the Applicant that when funds were available, new cable would be put in. The Applicant indicated that it was maintaining the line to the best of its ability and when financially able would do everything possible to eliminate the older lines.

The Applicant was urged by the Commission to meet with any and all subscribers who had complaints in order to come to an agreeable solution, particularly such subscribers as heard by the Commission. The Commission expects to be informed of such solutions as reached and accepted by the subscribers.

⁶ Transcript of the proceedings of a public meeting held at the Lion's Community Hall, Beachburg, Ontario, on Thursday, September 10, 1981, p.9.

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4077

10. GENERAL COMMENT

The Commission is pleased that the Applicant has followed the Commission's previous suggestions concerning construction and capital and again recommends that the Applicant continue to monitor its construction expenditures and adjust its program according to the financial resources available and the requirements of the subscribers. The Applicant should also, in light of future capital requirements continue any action necessary to maintain the financial stability of the System.


Chairman



ONTARIO TELEPHONE SERVICE COMMISSION

Order No. 4080
Thursday, the 29th day of October, A.D. 1981

B E F O R E

W. Bielski Q.C.,	)	IN THE MATTER of sections 6(1)
Chairman	)	and 91 of The Telephone Act
	)	(R.S.O. 1980, c.496)
E. A. Frith,)	
Member, and	)	and
)	
M. E. Parry,	)	IN THE MATTER of an application
Member.	)	by the Zenith Radio Corporation
	)	for approval of connection of
	)	the customer-provided Zenith
	)	Radio Space Phone to the telephone
	)	networks of the telephone systems
	)	in Ontario.

HEARD AT:

TORONTO, AUGUST 11, 1981.

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4080

APPEARANCES

For the Zenith Radio Corporation	J. Richard W. Szydlowski R. Zinn
For the Canadian Business Equipment Manufacturers Association	G. Murray F. Prince
For the Canadian Federation of Communication Workers	C. Salama
For the Nine Telephone Systems represented by Petition	B. Wagner
For Northern Telephone Limited	M. Cooper P. Paquette D. Pezzack
For the Ontario Telephone Association	G. Maxfield K. Stevens

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4080

1.0 ORDER

1.1

UPON THE APPLICATION of the Zenith Radio Corporation, hereinafter referred to as the Applicant, upon reading the said application and other material filed and evidence presented during the hearing,

1.2

THE COMMISSION HEREBY APPROVES, under and in pursuance of sections 6(1) and 91 of The Telephone Act (R.S.O. 1980, c.496) the connection of the customer-provided the Zenith Space Phone to the telephone network of the telephone systems in Ontario

1.3

THE COMMISSION HEREBY ORDERS, under and in pursuance of sections 6(1) and 91 of The Telephone Act (R.S.O. 1980, c.496) the connection of the customer-provided Zenith Space Phone to the telephone networks of the telephone systems in Ontario by way of a Zenith 52-2440 type plug or its equivalent to be supplied by the customer and an adaptor, also to be supplied by the customer if required for compatability with the telephone system supplied jack.

1.4

THE COMMISSION FURTHER ORDERS, under and in pursuance of sections 6(1) and 91 of The Telephone Act (R.S.O. 1980, c. 496) that the connection of a customer-provided Zenith Space Phone be made only to an individual line grade of service.

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4080

1.0 BACKGROUND

The Commission received an application dated November 10, 1981, from the Applicant for approval of connection of the customer-provided Zenith Space Phone, to the networks of the telephone systems in Ontario. The Commission had also received a similar application from Xerox Canada Limited, dated March 11, 1981, for the connection of the customer-provided Xerox Telecopier TC-485, to the networks of the telephone systems in Ontario. Since the applications were similar in nature the Commission decided to hear both applications concurrently.

In early May, notice of the two applications and the public hearing, scheduled for August 11, 1981, was placed in newspapers which serve the territory in which the telephone systems operate as well as in newspapers serving Ontario generally. The Commission also mailed the notice to each of the telephone systems, in Ontario, regarding the applications received from Zenith Radio Canada and Xerox Canada Incorporated. The notices specified that copies of the applications could be obtained from the Commission and that a public hearing was to be held in the Commission's offices on August 11, 1981. Written submissions were to be accepted until June 15, 1981 and the Applicant had until June 30, 1981 to respond to the submissions.

By June 15, 1981, the Commission had received written submissions from the following parties:

Canadian Business Equipment Manufacturers Association
Canadian Federation of Communication Workers
Nine Telephone Systems by Petition
Northern Telephone Limited, and
Ontario Telephone Association

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4080

One petition was endorsed by nine telephone systems, specifically, Brooke Municipal Telephone System, Hay Municipal Telephone System, Huron and Kinloss Municipal Telephone System, Hurontario Telephones Limited, Mornington Municipal Telephone System, North Norwich Municipal Telephone System, People's Telephone Company of Forest Limited, Tuckersmith Municipal Telephone System and Wightman Telephone Limited.

The Applicant received a copy of each of the written submissions on June 16, 1981 and the Commission received the Applicant's reply to those submissions on June 30, 1981.

The Applicant and each of the intervenors were mailed on July 24, 1981 a copy of the tentative agenda for August 11, 1981 and were invited to make their comments regarding the agenda known to the Commission on or before August 5 1981. The Commission received and accepted one addition to the agenda from the Applicant.

On August 11, 1981, the Commission heard oral evidence from the Applicant and intervenors and at that time reminded all parties that final written argument would be accepted by the Commission.

The Commission deliberated on all evidence filed and a summary of the parties positions and the Commission's reasons for the decision is provided in section 3.0 of this Order.

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4080

3.0 SUMMARY

The Zenith Space Phone is similar to a speaker-phone. A sensitive microphone and speaker are mounted on the inside of the television set and the Zenith Space Phone allows the operator to answer incoming telephone calls with the use of a remote control device known as the Space Command Module. The Applicant pointed out to the Commission that the Zenith Space Phone is a passive device. The Zenith Space Phone can only be used to answer in-coming telephone calls and all outgoing telephone calls must be placed through a telephone system supplied terminal.

Other evidence filed by the Applicant showed that the Zenith Space Phone is particularly helpful to those who are bedridden, handicapped, or disabled. It also allows for more flexibility in the interior decoration of a household.

The Applicant provided evidence that the Zenith Space Phone has received approval from the Department of Communications under the Terminal Attachment Program (TAP), and that it has met the standards of the Federal Communications Commission in the United States. Furthermore, the Applicant provided evidence that the television has met the standards of the Canadian Standards Association

During the hearing on August 11, 1981, Mr. William Szydowski, representing the Applicant, informed the Commission that the actual telephone device is isolated from any high voltage within the television set. Although the telephone device is within the television set Mr. Szydowski informed the Commission that "the high voltage in the TV set could in no way get into the device and go back either onto the (telephone) network or anywhere else in the set." The television set has also undergone surge

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4080

voltage testing which simulates lightning strikes and has been found to meet both DOC and FCC requirements.

On a number of occasions during the hearing and in written evidence the Applicant confirmed that since the Zenith Space Phone is equipped with adequate protective circuitry, there is no reasonable possibility of any network harm occurring as a result of a malfunction in the television.

The Applicant promised to inform its customers, through its dealers, of any decision by the Commission in regards to any interconnection policies, tariffs, or restraints.

The Ontario Telephone Association (OTA) and the Nine Telephone Systems by Petition (the Petitioners) made arguments which were similar in nature. The two primary issues were identified as being; 1) approval of the interconnection of customer-provided terminal equipment pursuant to section 91 of The Telephone Act would ultimately result in a deterioration of revenues, and 2) each and every telephone system should first have an exclusive right of providing specific equipment and only where the telephone system has indicated that it will not or cannot offer a specific service should the equipment be approved for interconnection. Neither the OTA or the Petitioners provided any evidence indicating that approval of the application would result in a loss of revenues. Mr. Gordon Maxfield, spokesman for the OTA told the Commission that the OTA had not undertaken any studies on the possible impact the Zenith Space Phone might have on local or toll revenues. Although the OTA did generate some discussion on the potential loss of revenues as a result of interconnection, it was of a general nature but without evidence and not directly related to the Zenith Radio Corporation application for the interconnection of the Zenith Space Phone.

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4080

In regards to the second issue the OTA and the Petitioners contended that only in cases where a system has specifically indicated that it would not offer similar services should the Zenith Space Phone be approved for interconnection. In the OTA's final written argument it was stated that, "the Association maintains its previous argument that there are no substantial benefits to be derived from this communication device that cannot be obtained from hands-free, loud-speaking telephones available from the Independent Systems." and therefore submitted that the application should be denied,

Mr. Bill Wagner spokesman for the Petitioners conducted a cross-examination of Mr. Szydlowski of Zenith, in an attempt to show that in the case of a lightning strike there is a real possibility of damage to the telephone network to which the Space Phone is connected. The likelihood of such an occurrence is all the more probable since the owner's manual to the television set does not instruct the user to ground the antenna. Mr. Wagner concluded by quoting the portion from the owner's manual which states that, "Harm could be caused to the telephone network if sets aren't properly connected."

Northern Telephone Limited (NTL) submitted that 1) any order issued by the Commission should be with respect to the specific non-addressable customer provided equipment and should be in accordance with the General Conditions and Maintenance Charges of Order No. 2612 issued January 21, 1970, 2) the provision of any service or equipment by NTL for the connection of Customer-provided equipment be subject to the service charges or monthly recurring charges as approved by the Commission, 3) that the customer be responsible for the provision of a plug or an adaptor which will be compatible with the Company provided jacks and, 4) that the connection of the Zenith Space Phone be restricted to individual line grade of service.

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4080

The Canadian Federation of Communication Workers (CFCW) submitted final argument in written form after the hearing of August 11, 1981. In that submission the CFCW stated, "The CFCW is most concerned about the attachment of Zenith speaker phone because of the possible negative effects this policy will have on jobs in the telephone industry directly affecting our affiliated members." The CFCW went on to propose that if the application is approved by the Commission that it remain the responsibility of the telephone systems and their employees for the repair and maintenance of the Space Phone. The CFCW did not provide the Commission with any detailed quantified information regarding the impact on employment levels in the telephone industry should the application be approved. The CFCW concluded by stating that "the limited benefit to the public is far outweighed by the negative effects on the telephone industry."

Finally, the Canadian Business Equipment Manufacturers Association (CBEMA) related some of the general advantages of a liberalized terminal attachment policy and in that way supported the Applicant. However, no specific issue or evidence was put forward by CBEMA to aid the Commission in its deliberations on this specific application.

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4080

4.0 REASONS

The OTA and the Petitioners submitted that applications made pursuant to section 91 of The Telephone Act should be approved only under exceptional circumstances. The Commission was not convinced that section 91 should be interpreted in restrictive manner. Since section 91 does not indicate specific criteria for the provision of customer provided equipment, the Commission has wide discretionary powers regarding the nature and the type of equipment which can be customer provided.

In regards to this application, the Commission finds no merit in the OTA and the Petitioners' contention that approval of the interconnection of the Zenith Space Phone will result in a loss in revenues.

The Petitioners, did however, raise the issue that the Zenith Space Phone may not be entirely safe to use in conjunction with the telephone networks. Compatibility was not discussed by the OTA or NTL. The Commission listened to the evidence provided by the Petitioners very carefully and is concerned that there may be a possibility of harm to the networks as a result of the interconnection of the Space Phone. However, whereas the Applicant was able to provide evidence that the Space Phone has met certain technical standards the Petitioners did not provide any documentation of the possible harm or probability that such harm may occur if the Zenith Space Phone is interconnected. Therefore, based on the evidence presented, the Commission finds that the Zenith Space Phone is technically acceptable for connection to the networks of the telephone systems.

The type of jack provided by many of the telephone systems is not compatible with the type of plug equipped on the Zenith Space Phone. NTL proposed that it remain the customers' responsibility to provide an adaptor which

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4080

would allow the interconnection of the Space Phone to the type of jack provided by the telephone system. The Applicant simply stated that they were in agreement with this requirement. The Commission accepts the submission of NTL and in section 1.3 of this Order has determined that the customer is the party responsible for providing the appropriate plug and/or adaptor for use with the telephone system's jack. The customer's responsibility to provide the plug and adaptor also requires the correct installation and fitting of the plug and adaptor to the Zenith Space Phone.

The Commission is concerned that an understandable and workable arrangement for the interconnection of the Space Phone be implemented. This arrangement not only ensures a proper connection of the equipment to the telephone system's network but also serves as a point of demarcation between the customer-provided equipment and the telephone network. In the case of any dispute between the customer and the telephone system this jack and plug arrangement will expedite and simplify the process of locating the source of any problems.

The Commission is concerned that some telephone systems may be providing jacks and charging rates which have not been approved pursuant to section 105 of The Telephone Act. Other telephone systems may not yet be offering jacks and associated equipment to their customers. The Commission expects to receive applications from all telephone systems which have not yet applied for approval of a rate for the provision of a jack and strongly recommends that any such application be submitted to the Commission expeditiously.

NTL also proposed that the Zenith Space Phone be used only in conjunction with an individual line grade of service. The Applicant responded to NTL's proposal and agreed that such an arrangement is acceptable. The Commission has accepted this requirement and is included in section 1.4 of this Order.

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4080

The remaining issues were based more directly with Order No. 2612 of the Commission dated January 21, 1970. The Commission has taken the argument in regards to Order No. 2612 into account and has reviewed Order No. 2612 very carefully. However, this Order shall be applicable notwithstanding anything in Order No. 2612. It should be noted that the application and this Order does not affect or change the monthly charges and the non-recurring service charges for the provision of equipment or services provided by each telephone system and approved by this Commission.


Chairman



ONTARIO TELEPHONE SERVICE COMMISSION

Order No. 4096
Tuesday the 29th day of December, A.D. 1981.

BEFORE

F. Wall,	)	IN THE MATTER of sections 6(1),
Vice Chairman,	)	14, 23, and 89 of The Telephone
	)	Act (R.S.O. 1980, c.496)
D. Austin,)	
Member.	)	and
)	
	)	IN THE MATTER of an application
	)	by Mr. and Mrs. Donald Philp
	)	in regard to a dispute with
	)	People's Telephone Company of
	)	Forest Limited regarding a
	)	toll billing.

HEARD AT:

TORONTO, OCTOBER 21, 1981.

APPEARANCES:

FOR THE APPLICANTS:

Mr. and Mrs. D. Philp:	Mr. N. Sinclair,
	Counsel for Mr. and Mrs. D. Philp
	and Themselves.

FOR THE COMPANY:

People's Telephone Company	
of Forest Limited:	Mr. R. Sutherland,
	Manager.

ONTARIO TELEPHONE SERVICE COMMISSION
Order No. 4096

1.0 ORDER

- 1.1 UPON THE APPLICATION of Mr. and Mrs. Donald Philp of Forest, Ontario, hereinafter referred to as the Applicants, upon reading the said application and evidence presented during the hearing,
- 1.2 THE COMMISSION HEREBY ORDERS, under and in pursuance of sections 6(1),14 and 89 of The Telephone Act (R.S.O. 1980, c.496), that Peoples Telephone Company of Forest Limited, hereinafter referred to as the Company, withdraw the disputed toll charge billing of \$8.40,
- 1.3 THE COMMISSION FURTHER ORDERS, under and in pursuance of sections 6(1),14 and 23, that the Company pay to the Applicants their costs of and incidental to the proceeding as to be assessed by the Commission,
- 1.4 THE COMMISSION DIRECTS that the Applicants file with the Commission their costs of and incidental to the said proceeding as well as supporting documentation with respect to these costs within one month of the date of this Order.

2.0 BACKGROUND

On June 18, 1981, the Commission received a letter dated June 12, 1981, from Mr. Douglas H. Beatty who was acting as counsel for Mr. and Mrs. Philp (the Applicants), indicating that they and the People's Telephone Company of Forest Limited (the Company) were involved in a dispute over a long distance toll billing of \$8.40 charged as of November 26, 1980. Herein it was explained that the Applicants were disputing the charges because they experienced a dial tone and "buzzing" noises during the time the calls were made. The Applicants requested that the Commission issue a ruling on the matter.

The Commission forwarded a copy of Mr. D. H. Beatty's letter to the Company requesting it to explain to the Commission the concerns of the Applicants.

Mr. Lyle F. Curran, solicitor for the Company, replied to the Commission in a letter dated June 29, 1981, stating that the Applicants' bill covered long distance calls of up to 22 minutes in duration. He stated that the Company's position was that there was considerable amount of speaking time available even though the dial tone lasted for more than forty-five seconds . He also indicated in his letter to the Commission that "The People's Telephone Company was quite prepared to have the matter resolved by the Court to determine whether Mr. Philp is entitled to free telephone calls or not."

The Commission, after reviewing the initial filings of both parties, decided that further information was required. Written interrogatories were sent to both parties on August 12, 1981.

Mr. Beatty, counsel for the Applicants, in his response to interrogatories stated that the call which lasted twenty-two minutes, as indicated in Mr. Curran's letter of June 29, 1981, also included the operator's time in trying to obtain a better connection. He also stated that the dial tone problem was not an intermittent noise, but continuous, and remained on the line for approximately two minutes forcing the termination of the conversation.

Mr. Curran, solicitor for the Company, in his response to interrogatories stated that this trouble complaint had been investigated on November 26, 1980 by one of the Company's senior service representatives who tested the service from an outdoor protector at the side of the Applicants' home, and found no trouble on the line. He stated that the Company and a service representative tested the line group in the Aberarder exchange and found a problem in the line finder which had what is referred to as 'back lash' problem. This 'back lash' problem could give dial tone on a busy line for approximately 45 seconds. This problem was repaired and the switch restored to service.

He also stated that the Applicants' complaint was the only one received from the Aberarder exchange regarding that particular interference.

Finally, he stated in the reply to the interrogatories that the Company had indicated to the Applicants in a letter dated January 22, 1981 that the Company was prepared to reduce the Applicants' account by \$2.80 if accepted within seven days from the date of that letter, and that offer was made without prejudice.

Based on the written evidence presented as a result of the interrogatories, the Commission decided to hold a hearing in order to obtain full information to determine the application. The hearing was held on October 21, 1981.

3.0 HEARING

During the hearing the position of the Applicants was reiterated that they felt they should not have to pay the disputed billing because of the telephone problems they had experienced. The Applicants' counsel, Mr. Sinclair, submitted that the Applicants' dispute was one of principle and that the underlying issue was the poor quality of service being provided by the Company.

He said the Company never acknowledged that they tested Mr. and Mrs Philp's telephone line and that a problem existed. He also submitted that the Applicants never received an apology from the Company with respect to the service problems, rather a statement of account from the Company's solicitor "without prejudice". Furthermore, no apology was issued in regard to the Philps's billing once the problem was realized.

Mr. Sinclair contended that the issue was more a matter of principle than money, mainly due to the lack of good customer relations exhibited by the Company. Mr. Sinclair requested that, given the unreasonable attitude taken by the Company in whole of the issue, costs of proceeding be awarded to the Applicants.

Mr. Sinclair also filed as evidence of the problem written affidavits from three persons who attested that there were problems on the Applicant's line on November 26, 1980, namely E. West, A. Philp, and N. Grodin.

Mr. Sutherland, representative of the Company, indicated that the only problem the Company could find was a 'backlash' condition in the line group at the Aberarder exchange. Mr. Sutherland did indicate that the condition could cause a dial tone which could last forty-five seconds on a line. However, he stated that the Company's position was that while the Applicants could have encountered some minor problems on the line, since their call lasted for twenty-two minutes, they were not entitled to a full reduction of their bill.

4.0 REASONS

The Commission's concerns in this case were three-fold:

- 1) In assessing a complaint under section 89(2) of The Telephone Act, the Commission must determine whether the complaint is valid, and if so, can it be substantiated.
- 2) Section 89(1) of The Telephone Act requires the Commission to ensure that every telephone system shall furnish continuous telephone service that adequately and efficiently meets the needs of the public in the territory in which it operates. Does the Company meet the requirement of a telephone system as stated in the Act?
- 3) The Commission should decide whether or not the request for costs incurred by the Applicants should be awarded, and if so, for what amount.

The Applicants applied to the Commission for a ruling under section 89 of The Telephone Act (R.S.O. 1980, c.496). They complained that they were given a bill for toll charges but due to the problems they experienced on the line, felt that they were not obligated to pay for service they did not receive. Given that under section 89(1) of The Telephone Act,

Every telephone system shall furnish continuous telephone service that adequately and efficiently meets the needs of the public in the territory in which it operates.

The Commission views quality of service, of each telephone system in Ontario, as encompassing not only the mechanical and electronic operation of the system, but also including the administrative and business practices as well as customer relations.

The Commission concluded from the evidence that the Company failed to provide service not only from a technical perspective, but also more important from an administrative business and customer relations perspective. In this respect, the Commission has accepted that the Applicants have a valid complaint.

In substantiating the complaint both the Applicants and the Company established that a problem regarding a dial tone and "buzzing" noise existed on Mr. and Mrs. Philp's telephone line. However, neither party could agree to the extent and duration of the problem that existed. Given that both parties agreed that a problem did exist at the time that the calls were made, the Commission felt that the complaint was substantiated and that a question of the amount of reimbursement remained.

There is no proof that the Applicants were trying to avoid a legitimate bill. There is evidence filed that indicated that they had approached the Company at least twice to reach a settlement before bringing their complaint to the Commission. Furthermore the Company never acknowledged that the problem existed as it was pointed out by Mr. Philp:

I would presume that the majority of companies would at least send a note of apology and recognition that you have complained. But we received absolutely nothing on our next bill other than an unpaid balance and late pay charge for the amount which we did not send in.

The Company had no rationale for the reduction that they offered the Applicant. The credit was not presented in a letter of apology but in a notice from the Company's solicitor.

The Commission is disturbed by the Company's intimidating procedure and commends the Applicants for bringing this matter to the Commission's attention. The Applicants have maintained a satisfactory account with the Company, and their only outstanding charge was the disputed \$8.40 bill.

In assessing costs to be paid by the Company, the Commission wishes to clearly state that the Company demonstrated a complete lack of reasonable customer relations. The Company instead of trying to resolve the matter, was only "prepared to have the matter resolved by the Court". The Commission has no doubt that this matter could have been settled without the Commission's intervention. The Commission therefore, has ordered the Company to compensate the Applicants for the cost incurred as to the proceedings before the Commission. Once the Commission determines the amount of costs so herein to be assessed will give notice to the Company. Payment by the Company to the Applicants will be expected immediately after the Commission's assessment.


Chairman

APPENDIX (ii)

Type of Entity of the Independent Telephone Systems Operating in Ontario in 1981.

	<u>SYSTEMS</u>		<u>TELEPHONES</u>	
	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>
Systems operated as public utilities by municipal corporations	5	16.1	118,864	44.0
Municipal Systems	11	35.5	37,809	14.0
Incorporated companies	<u>15</u>	<u>48.4</u>	<u>113,380</u>	<u>42.0</u>
TOTAL:	<u>31</u>	<u>100.0</u>	<u>270,053</u>	<u>100.0</u>

APPENDIX (iii)

Size Distribution of the Independent Telephone Systems Operating in Ontario 1981.

<u>No. of Telephones</u>	<u>No. of Systems</u>	<u>Percent</u>
0 - 500	1	3.2
501 - 1,000	1	3.2
1,001 - 2,000	12	38.7
2,001 - 3,000	5	16.2
3,001 - 4,000	3	9.6
4,001 - 5,000	3	9.6
5,001 - 10,000	2	6.5
10,001 - 50,000	2	6.5
50,001 - 100,000	2	6.5
	<u>31</u>	<u>100.0</u>

APPENDIX (iv)

Net growth of the Telephone Industry in Ontario since 1971.

<u>Dec. 31</u>	<u>No. of Systems</u>	<u>No. of Telephones</u>	<u>% Change</u>
1971	40	194,942	3.39
1972	40	205,470	5.40
1973	40	216,007	5.13
1974	40	227,810	5.46
1975	40	240,700	5.66
1976	39	258,161	7.25
1977	36	262,363	1.63
1978	35	274,916	4.78
1979	32	284,288	3.41
1980	31	261,446	(8.03)
1981	31	270,053	3.29

(v) SUMMARY OF INDEPENDENT TELEPHONE SYSTEMS DATA AS AT DECEMBER 31, 1981.

GROUP	NAME OF SYSTEM	OPERATING HEAD	ADDRESS AND TELEPHONE NUMBER	EXCHANGES	TELEPHONE NUMBERS (A)	OTHER TELEPHONES (B)	TOTAL	TOTAL COMPANY TELEPHONES
3	Abitibi-Price Incorporated	F. R. Robar Electrical Superintendent	Iroquois Falls POK 1E0 (705) 258-3241	Iroquois Falls	755	522	1,277	1,277
3	Amtelecom Incorporated	R. B. Barnard President and General Manager	18 Sydenham Street Aylmer N5H 1L2 (519) 773-8441	Aylmer Cambray Dyer's Bay Lion's Head Port Burwell Stokes Bay Strafordville Tobemwory	4,513 610 114 778 589 87 986 484	2,550 113 18 205 214 14 403 127	7,063 723 132 983 803 101 1,389 611	
2	Blanshard Municipal Telephone System	L. Mardlin Manager	Kirkton NOK 1K0 (519) 229-8933	Granton Kirkton Sebringville Uniondale	537 953 1,038 408	305 552 490 215	842 1,505 1,528 623	11,805
2	Brooke Municipal Telephone System	W. Chapman Manager	P.O. Box 40 Inwood NON 1K0	Alvinston (S) Inwood Watford (S)	297 506 550	125 194 234	422 700 784	4,498
2	Bruce Municipal Telephone System	J. T. Scurfield Manager	Box 580 Kincardine NOG 2G0 (519) 396-3322	Kincardine Paisley Port Elgin Tiverton	1,353 3,596 867 3,394 1,087	552 1,760 373 1,418 303	1,906 5,356 1,240 4,812 1,390	1,906
3	Capital Telephone Company Limited	R. M. Botham Assistant Secretary- Treasurer	c/o Bell Canada 393 University Avenue 19th Floor Toronto M5G 1W9 (416) 599-4936	Maberly	8,944 200	3,854 61	12,798 261	12,798 261
1	Cochrane Public Utilities Commission	G. F. Jarvis Engineering Manager	153 Sixth Avenue Box 640 Cochrane P0L 1C0 (705) 272-4232	Cochrane	2,045	1,328	3,373	3,373

(v) SUMMARY OF INDEPENDENT TELEPHONE SYSTEMS DATA AS AT DECEMBER 31, 1981.

GROUP	NAME OF SYSTEM	OPERATING HEAD	ADDRESS AND TELEPHONE NUMBER	EXCHANGES	TELEPHONE NUMBERS (A)	OTHER TELEPHONES (B)	TOTAL	TOTAL COMPANY TELEPHONES
2	Coldwater Municipal Telephone System	J. Earl Secretary-Treasurer	P.O. Box Box 202 Coldwater LOK 1EO (705) 686-3698	Coldwater	784	286	1,070	1,070
1	Dryden Municipal Telephone System	B. H. Moline Operations Manager	30 Van Horne Avenue Dryden P8N 2A7 (807) 223-2226	Dryden	3,118	2,529	5,647	5,647
3	Durham Telephones Limited	J. E. Downs General Manager	63 Brule Gardens Toronto M6S 4J5 (416) 767-4042	Cavan Millbrook	321 800 1,121	126 345 471	447 1,145 1,592	1,592
2	Gosfield North Municipal Telephone System	J. Helkie Manager	Box 130 Cottam NOR 1B0 (519) 839-4734	Cottam	1,095	503	1,598	1,598
2	Hay Municipal Telephone System	W. H. Wagner Manager and Secretary-Treasurer	Box 99 Zurich NOM 2T0 (519) 236-4333	Dashwood Grand Bend Zurich	430 1,707 935 3,072	212 661 378 1,251	642 2,368 1,313 4,323	4,323
2	Huron and Kinloss Municipal Telephone System	C. Nicholson Manager	P. O. Box 220 Huron Street Ripley N0G 2R0 (519) 395-2626	Dungannon Ripley	827 1,633 2,460	260 617 877	1,087 2,250 3,337	3,337
3	Huronario Telephones Limited	K. V. Stevens Secretary-Treasurer	P.O. Box 59 Thedford NOM 2N0 (519) 296-4926	Port Franks Thedford	877 552 1,429	272 274 546	1,149 826 1,975	1,975
1	Keewatin Municipal Telephone System	E. A. Sherred Clerk-Treasurer	P. O. Box 139 Keewatin POX 1C0 (808) 547-2881	Keewatin	757	465	1,222	1,222

(V) SUMMARY OF INDEPENDENT TELEPHONE SYSTEMS DATA AS AT DECEMBER 31, 1981.

GROUP	NAME OF SYSTEM	OPERATING HEAD	ADDRESS AND TELEPHONE NUMBER	EXCHANGES	TELEPHONE NUMBERS (A)	OTHER TELEPHONES (B)	TOTAL	TOTAL COMPANY TELEPHONES
1	Kenora Municipal Telephone System	D. T. McLeod Operating Head	P. O. Box 1110 Kenora P9N 3X7 (807) 468-8906	Kenora	5,189	4,696	9,885	9,885
3	Lansdowne Rural Telephone Company Limited	R. P. Crawford General Manager	P.O. Box 9 Lansdowne KOE 1L0 (613) 659-2222	Lansdowne	1,284	529	1,813	1,813
3	Manitoulin Island Telephone Company Limited	R. B. Barnard General Manager	18 Sydenham Street East Aylmer N5H 1L2 (519) 773-8441	Manitowaning Mindemoya	859 892 1,751	306 342 648	1,165 1,234 2,399	2,399
2	Mornington Municipal Telephone System	E. J. Bay Secretary-Treasurer	16 Mill Street Milverton NOK 1M0 (519) 595-8331	Milverton	1,493	694	2,187	2,187
3	North Frontenac Telephone Company Limited	H. J. Schmidt Secretary-Treasurer	Box 130 Baden NOB 1G0 (519) 634-5300	Parham Sharbot Lake	404 688 1,092	80 172 252	484 860 1,344	1,344
2	North Norwich Municipal Telephone System	A. Williams Secretary-Treasurer	P.O. Box 33 Burgessville NOJ 1C0 (519) 424-9171	Burgessville Norwich Woodstock (S) (S)	842 308 265 1,415	333 141 161 635	1,175 449 426 2,050	2,050
3	North Renfrew Telephone Company Limited	W. Vandekemp Manager	Box 70 Beachburg K0J 1C0 (613) 582-3600	Beachburg Pembroke Westmeath (S)	524 243 315 1,082	194 94 79 367	718 337 394 1,449	1,449

(V) SUMMARY OF INDEPENDENT TELEPHONE SYSTEMS DATA AS AT DECEMBER 31, 1981.

GROUP	NAME OF SYSTEM	OPERATING HEAD	ADDRESS AND TELEPHONE NUMBER	EXCHANGES	TELEPHONE NUMBERS (A)	OTHER TELEPHONES (B)	TOTAL	TOTAL COMPANY TELEPHONES
3	Northern Telephone Limited	M. W. Cooper President and General Manager	17 Paget Street Box H New Liskeard P.O. 1P0 (705) 647-7311	Abitibi Canyon Calstock Cobalt Cochrane (S) Connaught Earlton Elk Lake Englehart Fauquier Gowganda Haileybury Hearst Iroquois Falls Kamiskotia Kapuskasing Kirkland Lake Larder Lake Larchford Matachewan Matheson Mattice Moonbeam New Liskeard Opasatika Opishong Ramore Smooth Rock Falls South Porcupine Swastika Timmins Virginiatown	104 125 906 630 124 856 215 1,426 239 81 1,781 2,693 1,978 51 5,076 5,102 419 136 145 684 328 515 3,703 136 10 358 926 2,875 697 14,806 449	137 64 403 217 36 325 80 659 73 29 877 1,878 945 8 3,935 2,862 130 43 52 315 107 204 2,586 49 2 129 512 2,548 320 9,540 182	241 189 1,309 847 160 1,181 295 2,085 312 110 2,658 4,571 2,923 59 9,011 7,964 549 179 197 999 435 719 6,316 185 12 487 1,438 5,423 1,017 24,346 631	
2	Otonabee Municipal Telephone System	J. D. Coit Secretary-Treasurer	P. O. Box 40 Keene KOL 2G0 (705) 294-4412	Keene	47,601 930	29,247 345	76,848 1,275	76,848 1,275
3	People's Telephone Company of Forest, Limited (The)	R. H. Sutherland Manager	P.O. Box 700 Forest NON 1J0 786-2351	Aberarder Arkona Forest	638 488 2,146 3,272	195 230 947 1,372	833 718 3,093 4,644	833 718 3,093 4,644

(v) SUMMARY OF INDEPENDENT TELEPHONE SYSTEMS DATA AS AT DECEMBER 31, 1981.

GROUP	NAME OF SYSTEM	OPERATING HEAD	ADDRESS AND TELEPHONE NUMBER	EXCHANGES	TELEPHONE NUMBERS (A)	OTHER TELEPHONES (B)	TOTAL	TOTAL COMPANY TELEPHONES
3	Roxborough Telephone Company Limited	J. W. Beach Manager	P.O. Box 179 Moose Creek KOC 1W0 (613) 538-2800	Moose Creek	393	173	566	566
3	South Bruce Rural Telephone Company Limited	A. T. McTavish Manager and Secretary-Treasurer	Teeswater NOG 2S0 (519) 392-6873	Mildmay Teeswater	1,047 923	288 278	1,335 1,201	
					1,970	566	2,536	2,536
1	Thunder Bay Telecommunications	A. M. Hawkins Manager	241 Vickers Street South Thunder Bay P7E 1J5 (807) 623-2711	Court Street Current River Mackenzie Murillo Riverview Rosslyn Shuniah Vickers Street	16,543 2,521 684 673 9,322 1,385 7,195 16,390	14,050 1,366 173 256 8,835 613 3,901 14,830	30,593 3,887 857 929 18,157 1,998 11,096 31,220	
					54,713	44,024	98,737	98,737
2	Tuckersmith Municipal Telephone System	M. Graham Secretary-Treasurer	R. R. #1 Brucefield NOM 1J0 (519) 482-9908	Bayfield Clinton (S) Hensall (S) Seaforth (S)	740 350 352 425	233 215 225 227	973 565 577 652	
					1,867	900	2,767	2,767
3	Westport Telephone Company	H. A. Lynn Manager	Box 252 Westport KOG 1X0 (613) 273-2121	Westport	1,018	312	1,330	1,330
3	Wightman Telephone Limited	R. Wightman President	Box 70 Clifford NOG 1M0 (519) 327-8012	Ayton Clifford Gorrie Neustadt	387 590 1,094 316	200 280 556 118	587 876 1,650 434	
					2,387	1,154	3,541	3,541
	TOTAL:				165,687	104,366	270,053	270,053

(v) SUMMARY OF INDEPENDENT TELEPHONE SYSTEMS DATA AS AT DECEMBER 31, 1981.

NAME OF SYSTEM	OPERATING HEAD	ADDRESS AND TELEPHONE NUMBER	EXCHANGES	TELEPHONE NUMBERS (A)	OTHER TELEPHONES (B)	TOTAL	TOTAL COMPANY TELEPHONES
		<p><u>GROUPS:</u></p> <p>1. Systems established under The Telephone Act by municipal corporations and operated as public utilities.</p> <p>2. Systems established under The Telephone Act by, and vested in municipal corporations in trust for the benefit of the subscribers and operated by the municipal council or by a commission elected by the subscribers.</p> <p>3. Incorporated companies.</p>					
		<p><u>NOTES:</u></p> <p>(A) Main telephones and PBX trunk lines.</p> <p>(B) Extensions and coin telephones.</p> <p>(S) Indicates the exchange to which service system lines connect.</p>					

(vi) COMMISSION ORDERS ISSUED - 1981

ORDER	DATE ISSUED	APPLICANT	PURPOSE	EFFECTIVE
4024	81 01 29	Westport Telephone Company Limited	Approval of change in Non-Recurring Charges	81 01 29
4025	81 01 29	Amtelcom Incorporated	Approval of revised rate structure - October 1979 Rate Application	81 01 29
4026	81 01 29	Coldwater Municipal Telephone System	Approval to levy Security Deposit Charges	81 01 29
4027	81 01 29	Gosfield North Municipal Telephone System	Approval to levy Security Deposit Charges	81 01 29
4028	81 01 29	Hay Municipal Telephone System	Approval to levy Security Deposit Charges	81 01 29
4029	81 01 29	Hurontario Telephones Limited	Approval to levy Security Deposit Charges	81 01 29
4030	81 01 29	Mornington Municipal Telephone System	Approval to levy Security Deposit Charges	81 01 29
4031	81 01 29	North Frontenac Telephone Company Limited	Approval to levy Security Deposit Charges	81 01 29
4032	81 01 29	North Renfrew Telephone Company Limited	Approval to levy Security Deposit Charges	81 01 29
4033	81 01 29	Westport Telephone Company Limited	Approval to levy Security Deposit Charges	81 01 29
4034	81 01 29	Wightman Telephone Limited	Approval to levy Security Deposit Charges	81 01 29
4035	81 01 29	Lansdowne Rural Telephone Company Limited	Approval of Supplement No. 13 to the Traffic Agreement with Bell Canada	81 01 29
4036	81 01 29	North Norwich Municipal Telephone System	Approval of Supplement No. 15 to the Traffic Agreement with Bell Canada	81 01 29

(vi) COMMISSION ORDERS ISSUED - 1981

ORDER	DATE ISSUED	APPLICANT	PURPOSE	EFFECTIVE
4037	81 02 20	Cochrane Public Utilities Commission	Approval for late filing of Annual Returns	81 02 20
4038	81 02 20	Amtelecom Incorporated	Approval of Supplement No. 10 to the Traffic Agreement with Bell Canada	81 02 20
4039	81 02 20	Northern Telephone Limited	Approval to waive specific service connection charges	81 02 20
4040	81 02 20	Gosfield North Municipal Telephone System	Revoking of Order No. 4027	81 02 20
4041	81 03 27	Hay Municipal Telephone System	Approval of Supplement No. 7 - E.A.S. (Zurich/Hensall) to the Traffic Agreement with Bell Canada	81 03 27
4042	81 03 27	Huron and Kinloss Municipal Telephone System	Approval of Attachment B - E.A.S. (Ripley/Kincardine)	81 03 27
4043	81 03 27	Huronario Telephones Limited	Order of compliance to Order No. 3899	81 03 27
4044	81 03 27	Wightman Telephone Limited	Approval to issue Evidence of Indebtedness	81 03 27
4045	81 03 30	Bruce Municipal Telephone System	Approval to levy Security Deposit Charges	81 03 30
4046	81 03 30	South Bruce Rural Telephone Company Limited	Approval to levy Security Deposit Charges	81 03 30
4047	81 04 01	Bruce Municipal Telephone System	Approval for date of Annual Meeting	81 04 01
4048	81 04 03	Lansdowne Rural Telephone Company Limited	Disconnection of service - B. Ferguson	81 04 03
4049	81 04 21	Bruce Municipal Telephone System	Approval of By-Law No. 1, 1981 (3-5 Commissioners)	81 04 21
4050	81 04 21	Bruce Municipal Telephone System	Approval of By-Law No. 2, 1981 (Proxies)	81 04 21
4051	81 04 23	Thunder Bay Telecommunications	Approval to waive Specific Service Connection Charges	81 04 23
4052	81 04 27	Thunder Bay Telecommunications	Approval of rates for Miscellaneous Equipment	81 04 27

(vi) COMMISSION ORDERS ISSUED - 1981

ORDER	DATE ISSUED	APPLICANT	PURPOSE	EFFECTIVE
4053	81 04 28	Thunder Bay Telecommunications	Approval of Supplement No. 15 to the Traffic Agreement with Bell Canada	81 04 28
4054	81 04 29	Amtelecom Incorporated	Approval of Interim Revision of local rate structure based on additional revenue requirement	81 04 29
4055	81 05 29	Abitibi Price Incorporated	Approval of rates - Digi-Pulse	81 05 29
4056	81 05 29	Blanshard Municipal Telephone System	Approval for Late Filing of Annual Returns	81 05 29
4057	81 05 29	Huron and Kinloss Municipal Telephone System	Approval of Supplement No. 17 to the Traffic Agreement with Bell Canada	81 05 29
4058	81 05 29	Northern Telephone Limited	Approval of By-Law No. 8	81 05 29
4059	81 06 22	Thunder Bay Telecommunications	Approval of Connection of Customer Provided TOSC-2 Environmental Control System	81 06 22
4060	81 06 22	Huronario Telephones Limited	Approval to extend Alternate Appendix B (1980) to the Traffic Agreement with Bell Canada	81 06 22
4061	81 06 24	Tuckersmith Municipal Telephone System	Approval of Supplement No. 15 to the Traffic Agreement with Bell Canada	81 06 24
4062	81 06 24	Thunder Bay Telecommunications	Approval of rate for AC-60 Automatic Call Sequencer	81 06 24
4063	81 07 07	Blanshard Municipal Telephone System	Approval of Returned Cheque Processing Charge	81 07 07
4064	81 06 29	Blanshard Municipal Telephone System	Approval to levy Security Deposit Charges	81 06 29
4065	81 08 10	Thunder Bay Telecommunications	Amendment to Order No. 4059	81 08 10
4066	81 08 19	Hay Municipal Telephone System	Approval of rate - Single Line Hold Button	81 08 19
4067	81 08 27	Amtelecom Incorporated	Approval of revised local rate structure	81 08 27
4068	81 09 09	Huronario Telephones Limited	Approval of a Special Resolution	81 09 09
4069	81 09 17	Northern Telephone Limited	Approval of Appendix B Section 111, Traffic Agreement with Ontario Northland Transportation Commission	81 09 17

(vi) COMMISSION ORDERS ISSUED - 1981

ORDER	DATE ISSUED	APPLICANT	PURPOSE	EFFECTIVE
4070	81 09 17	Blanshard Municipal Telephone System	Supplements 33 and 34 to the Traffic Agreement with Bell Canada	81 09 17
4071	81 09 18	Northern Telephone Limited	Approval to waive specific service connection charges	81 09 18
4072	81 09 25	Northern Telephone Limited	Approval of rates - SX200 PABX Equipment	81 09 25
4073	81 09 25	Hurontario Telephones Limited	Denial of Application to increase late payment charge	81 09 25
4074	81 10 09	Roxborough Telephone Company Limited	Rehearing - Application to submit a revised local rate structure based on additional revenue requirement	81 10 09
4075	81 10 13	Peoples Telephone Company of Forest Limited	Approval of By-Law No. 1-77	81 10 13
4076	81 10 27	Roxborough Telephone Company Limited	Approval of rates for Local Telephone Service	81 10 27
4077	81 10 29	North Renfrew Telephone Company Limited	Approval of rates for Local Telephone Service	81 10 29
4078	81 10 29	Wightman Telephone Limited	W. C. Smith Connection - Philips Code-A-Phone	81 10 29
4079	81 10 29	Xerox Canada Incorporated	Approval of connection of customer-provided TC-485 Telecopier	81 10 29
4080	81 10 29	Zenith Radio Corporation	Approval of connection of customer-provided Zenith Radio Space-Phone	81 10 29
4081	81 11 02	Otonabee Municipal Telephone System	Approval of By-Law No. 1980-1	81 11 02
4082	81 11 06	Amtelecom Incorporated	Revokes Order No. 4006	81 11 06
4083	81 11 06	Amtelecom Incorporated	Revokes Order No. 4038	81 11 06
4084	81 11 06	Amtelecom Incorporated	Revokes Order No. 3970	81 11 06
4085	81 11 06	Amtelecom Incorporated	Approval of Traffic Agreement with Bell Canada	81 11 06

(vi) COMMISSION ORDERS ISSUED - 1981

ORDER	DATE ISSUED	APPLICANT	PURPOSE	EFFECTIVE
4086	81 11 06	Amtelecom Incorporated	Approval of Supplement Nos. 9, and 10, Alternate Appendix B 1980, re Order Nos. 4082, 4083, 4084	81 11 06
4087	81 11 06	Amtelecom Incorporated	Approval of Supplement Nos. 11 and 12 to the Traffic Agreement with Bell Canada	81 11 06
4088	81 11 09	Huronario Telephones Limited	Approval to waive Non-recurring Service Charges	81 11 09
4089	81 11 09	North Frontenac Telephone Company Limited	Denial of late payment charge on overdue accounts	81 11 09
4090	81 11 12	The Commission on its own motion	Revoking of Order No. 2612 dated January 21, 1970	81 11 12
4091	81 11 10	North Frontenac Telephone Company Limited	Denial of N.S.F. Cheques Processing Charge	81 11 10
4092	81 11 26	North Renfrew Telephone Company Limited	Approval of revised local rate structure	81 11 26
4093	81 12 21	Northern Telephone Limited	Approval of Amendment to Appendix A to its Traffic Agreement with Ontario Northland Telecommunications Commission	81 12 21
4094	81 12 21	Huronario Telephones Limited	Approval to Issue Class 'C' and 'D' Preferred Shares	81 12 21
4095	81 12 21	Otonabee Municipal Telephone System	Approval for date of Annual Meeting	81 12 21
4096	81 12 29	People's Telephone Company of Forest Limited (The)	Customer Complaint re Toll Charges (Mr. D. Philp)	81 12 29
4097	81 12 21	Thunder Bay Telecommunications	Approval of Amendment to Order Nos. 3312 and 3312A (Camp 702)	81 12 21
4098	81 12 21	Northern Telephone Limited	Amendment to Order No. 4093	81 12 21

INDEPENDENT TELEPHONE SYSTEMS - SOUTHERN ONTARIO

NO NAME TO SYSTEM

1. Hamilton Telephone System
2. London Municipal Telephone System
3. Windsor Municipal Telephone System
4. Kitchener Municipal Telephone System
5. Guelph Municipal Telephone System
6. Cambridge Municipal Telephone System
7. Brantford Municipal Telephone System
8. St. Catharines Municipal Telephone System
9. Niagara Falls Municipal Telephone System
10. Welland Municipal Telephone System
11. Port Hope Municipal Telephone System
12. Peterborough Municipal Telephone System
13. Bowmanville Municipal Telephone System
14. Whitby Municipal Telephone System
15. Oshawa Municipal Telephone System
16. Ajax Municipal Telephone System
17. Pickering Municipal Telephone System
18. Scarborough Municipal Telephone System
19. North York Municipal Telephone System
20. York Municipal Telephone System
21. Etobicoke Municipal Telephone System
22. Mississauga Municipal Telephone System
23. Brampton Municipal Telephone System
24. Oakville Municipal Telephone System
25. Halton Hills Municipal Telephone System
26. Burlington Municipal Telephone System
27. Milton Municipal Telephone System
28. Caledon Municipal Telephone System
29. Richmond Hill Municipal Telephone System
30. Vaughan Municipal Telephone System
31. Markham Municipal Telephone System

SYSTEMS OWNED BY INCORPORATED TELEPHONE COMPANIES

SYSTEMS OPERATED AS PUBLIC UTILITY BY MUNICIPAL CORPORATIONS

MUNICIPAL SYSTEMS

SYSTEMS OWNED BY INCORPORATED TELEPHONE COMPANIES

ONTARIO TELEPHONE SERVICE COMMISSION

INDEPENDENT TELEPHONE SYSTEMS - NORTHERN ONTARIO

Map showing Independent Telephone Systems in Northern Ontario, including locations 18, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100.

Scale: 0 to 200 Kilometers.

Legend:

- 1. Northern Bell Telephone Company, Ltd.
- 2. Canadian National Telephone System
- 3. Ontario Telephone Company System
- 4. Canadian National Telephone System
- 5. Canadian National Telephone System
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- 98. Canadian National Telephone System
- 99. Canadian National Telephone System
- 100. Canadian National Telephone System

SYSTEM OWNED BY INDEPENDENT TELEPHONE COMPANIES

SYSTEMS OWNED BY PUBLIC UTILITIES IN MANITOBA (CONTINUED)

900 NADPH (4.575E-4)
 Apurinic Paper Company - ME
 7 Carboxylic Monocyclic + atmosphere Synthesis
 9 Oxygen Monocyclic + atmosphere Synthesis
 15 Carboxylic Monocyclic + atmosphere Synthesis
 8 Carboxylic Monocyclic + atmosphere Synthesis
 72 Nonaromatic Monocyclic + atmosphere Synthesis
 78 Carboxylic Monocyclic + atmosphere Synthesis

SYSTEMS OWNED BY INCORPORATED FOR
FOR FINANCIAL INFORMATION

SYSTEMS OPERATED AS PUBLIC UTILITIES
BY MUNICIPAL CORPORATION

MUNICIPAL SYSTEMS

SYSTEMS OWNED BY INCORPORATED
TELEPHONE COMPANIES

LAKE HURON

TORONTO AREA

L A K I O N T I R I O

NO NAME SYSTEM

1. Acoustic Paper Telephone
2. Acousticon, Inc.
3. Eganphone, Inc.
4. Bellco Municipal Tel.
5. Bion Municipal Tel.
6. Capital Telephone Co.
7. Cityphone Municipal Tel.
8. Cityphone Municipal Tel.
9. Cityphone Municipal Tel.
10. Cityphone Municipal Tel.
11. Cityphone Municipal Tel.
12. Cityphone Municipal Tel.
13. Cityphone Municipal Tel.
14. Cityphone Municipal Tel.
15. Cityphone Municipal Tel.

[illegible]

ONTARIO TELEPHONE SERVICE COMMISSION

Mr. [redacted] of
[redacted] 20

SEP 17 1986

